DOMINION OF CANADA

HOUSE OF COMMONS DEBATES

OFFICIAL REPORT

FOURTH SESSION—TWENTY-FIRST PARLIAMENT

15 GEORGE VI, 1951

BEING THE 92ND SESSION FOR THE PERIOD 1867-1951

VOLUME III, 1951

COMPRISING THE PERIOD FROM THE SIXTEENTH DAY OF APRIL, 1951,
TO THE ELEVENTH DAY OF MAY 1951, INCLUSIVE

INDEX ISSUED IN A SEPARATE VOLUME

OTTAWA
EDMOND CLOUTIER, C.M.G., O.A., D.S.P.
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1951

HOUSE OF COMMONS

Monday, April 16, 1951

The house met at three o'clock.

CUSTOMS ACT

AMENDMENTS TO CLARIFY ACT AND TO FACILITATE ADMINISTRATION AND ENFORCEMENT

Hon. J. J. McCann (Minister of National Revenue) moved for leave to introduce Bill No. 198, to amend the Customs Act.

Mr. Knowles: Explain.

Mr. McCann: Mr. Speaker, the purpose of the changes set out in this bill is to clarify certain sections and to lay down certain procedures which will facilitate both the administration and enforcement of the act.

Mr. Knowles: Will the minister explain the explanation?

Mr. Abbott: The explanation is very clear and concise.

Motion agreed to and bill read the first time.

QUESTIONS

(Questions answered orally are indicated by an asterisk.)

INCOME TAX DIVISION—EMPLOYEES DISMISSED

Mr. Bryce:

1. Have any employees of the income tax division been dismissed from January 1, to March 31, 1951?
2. If so, how many?

Mr. McCann:

1. Yes.
2. Five.

DEFENCE PRODUCTION—SYNTHETIC DETERGENTS

Mr. Lennard:

1. Has the Department of Defence Production placed any orders for synthetic detergents?
2. If so (a) when; (b) in what quantities; (c) with whom were the contracts placed?

Mr. McIlraith:

1. No.
2. Answered by No. 1.

UNEMPLOYMENT INSURANCE—SUPPLEMENTARY BENEFITS

Mr. Knowles:

1. How much money was paid out in the form of supplementary unemployment insurance benefits (a) in 1950; (b) in 1951?
2. How much money has been paid into the unemployment insurance fund earmarked for the payment of supplementary benefits?

Mr. Gregg:

1. (a) To December 31, 1950—

classes 1 and 2	$2,761,402.86
classes 3 and 4 (less refunds to March 31/51)	1,791,483.95
Total	$4,552,886.81

(b) In 1951, to March 31—

classes 1 and 2	$3,168,046.66
classes 3 and 4	27,877.55
Total	$3,195,924.21

2. (a) The fund has been credited from appropriations with $1,791,483.95, the amount paid to classes 3 and 4 for the period February 28 to April 15, 1950, in accordance with section 87F(1) of the act.

(b) As from July 3, 1950, the sum of one cent per day was added to the contributions payable by employers and employees to provide supplementary benefits for classes 1 and 2. This additional contribution is included in the regular stamps, meter impressions and bulk payments and is not specially earmarked in the accounts of the commission. In accordance with the statute, the amount received up to March 31, 1952, will be determined, and if the amount expended exceeds the amount received from this additional contribution the fund will be reimbursed from moneys provided by parliament.

Note: Classes 1, 2, 3 and 4 are described in section 87 (b) of the Unemployment Insurance Act.

CIVIL SERVICE SUPERANNUATION

Mr. Balcom:

1. Was any amount added to the superannuation fund by direct vote of the government during the past twelve months?
2. If so, what amount, and what effect did it have on present paid retirement allowances?

Mr. Sinclair:

1. Yes.

2. $6,831,261.95—vote No. 103, main estimates, 1950-51; $75,000,000—vote No. 587, further supplementary estimates (2), 1950-51.

These payments will not have any effect on allowances presently being paid. See page 1395 of *Hansard*, March 19, 1951, for explanation of $75,000,000 item.

Questions

RURAL MAIL CARRIERS—COST OF LIVING BONUS

Mr. Carroll:

1. Were rural mail contractors given any cost of living bonus or any increase in their contracts during the last war?
2. If so, what amount?
3. Were such bonuses or increases discontinued?
4. If so, when?

Mr. Langlois (Gaspe):

1. Yes.

2. (a) A 5 per cent cost of operation bonus in all cases where rates were established on or before April 29, 1941, with increase to apply for work performed as from August 1, 1941.

(b) A wartime bonus as from June 17, 1943. The amounts varied in accordance with conditions of the particular service. The original cost of operation bonus was assimilated to the wartime bonus where granted.

3. No. They were incorporated into existing contract rates for the period of the contract.

4. See answer to No. 3.

NATIONAL FILM BOARD—ANIMATED CARTOON FILMS

Mr. Browne (St. John's West):

1. Did the national film board produce an animated cartoon in 1949 illustrating the following songs: "Camptown Races," "Grandfather's Clock," "Bury Me Not on the Lone Prairie," "Ta-ra-ra Boom-de-ay"?
2. If so, what was the name of same, and how much did it cost?
3. How many copies were prepared?
4. Has this film been exhibited recently in the United States?
5. If so, what revenue has been received?
6. Have any other similar films been processed by the national film board since 1949?
7. If so (a) what are their titles; (b) how much did each cost; (c) what revenue has been received from them?
8. What is the purpose of producing films of this kind?

Mr. Winters:

1. Yes.

2. "Four Songs by Four Gentlemen." Cost was $5,147.63.

3. 79.

4. Yes.

5. None.

6. No.

7. Answered by No. 6.

8. For showing with information films to audiences in rural areas of Canada. The primary purpose is to contribute toward a balanced program and to add interest.

[Mr. Sinclair.]

QUESTIONS PASSED AS ORDERS FOR RETURNS

ST. CYPRIEN, QUE., TELEPHONE SYSTEM

Mr. Courtemanche:

1. Has the government contributed to the construction of a telephone line or system in the parish of St. Cyprien or St. Luc de Dorchester, province of Quebec?
2. If so, when, and what amount?
3. Does the government hold any security on the property of the said system?
4. What was the name of the public body, company, owner or owners at the time of the establishment of such system or line?
5. Does the government own the said system at present, or has the government ever been the owner thereof?
6. If so (a) has the government leased it; (b) when was it so leased; (c) to whom; (d) for what periods; (e) on what terms?
7. Since the establishment of the said system, and for each year during that period, what has been the amount of grants made to the owners or lessees?

MERCHANT NAVY VETERANS—VOCATIONAL TRAINING

Mr. Brooks:

1. How many applications were received from the Canadian merchant navy veterans for vocational training as provided by order in council 5983, passed on or about the 29th day of December, 1948?
2. How many veterans were accepted for such training?
3. How many were rejected on the ground (a) that they had served in ships registry other than Canadian; (b) that they had not signed a manning pool agreement; (c) that they were not in receipt of special bonus; (d) that they already had employment or a vocation; (e) for other reasons?

PERIODICAL "COURIER"—GOVERNMENT ADVERTISING

Mr. Coldwell:

1. Has the federal government placed any advertising in the periodical *Courier*, of 1935 Halifax street, Regina, since January 1, 1949?
2. If so, how much has been paid the *Courier* for advertising by the federal government or any agent thereof (a) during the calendar year 1949; (b) during the calendar year 1950; (c) to date in 1951?

MOTION FOR PAPERS

INCOME TAX BUILDING, LONDON, ONT.

Mr. White (Middlesex East):

For a copy of all correspondence, telegrams, agreements to lease or purchase, leases, contracts, specifications and other documents exchanged between the government of Canada and Westmount Realties Limited, Montreal, relative to the income tax building, Dundas street (civic numbers 388, 390, 392, 394), London, Ontario. Also a copy of all correspondence relative to this building exchanged between the government of Canada and the municipality of the city of London, or any official thereof, between the period November 12, 1948, and April 10, 1951.

BUTTER

FLOOR PRICE—INQUIRY AS TO PROPOSAL OF CREAM PRODUCERS

On the orders of the day:

Mr. J. A. Charlton (Brant-Wentworth): I should like to direct a question to the Minister of Agriculture. Is the government prepared to accept the proposal of the cream producers of Canada to establish a floor price of sixty-two cents a pound for butter as a means of ensuring a reasonable supply for next winter?

Right Hon. J. G. Gardiner (Minister of Agriculture): The matter is under consideration, and when the government is prepared to make an announcement, it will be made.

Mr. Fraser: When will that be?

AGRICULTURAL PRODUCTS

QUESTION OF ASSISTANCE TO BRITISH COLUMBIA FRUIT GROWERS

On the orders of the day:

Mr. H. W. Herridge (Kootenay West): I should like to direct a question to the appropriate minister. On March 19 this house passed a motion of mine for the production of papers with respect to the correspondence between British Columbia and the federal government in connection with compensation for fruit trees destroyed by frost in British Columbia. Has the government received the permission of the government of British Columbia with respect to the correspondence, and when will the return be tabled?

Right Hon. J. G. Gardiner (Minister of Agriculture): The government has had two or three different proposals from the government of British Columbia, and on each occasion the same decision has been reached as was reported to the house some days ago, namely, that the amount involved is not considered to be beyond the capacity of the province to take care of, and that it is one of these matters which is generally considered to be a provincial responsibility, if it is the responsibility of anyone to assist.

Mr. Fulton: May I ask another question dealing with the same matter? Has the government reached any decision, and if so, what decision, on the later representations which I understand were made during the course of the past week or so on the same subject by the fruit growers of British Columbia?

Mr. Gardiner: This is one of the matters, and it is the matter which was considered last. It was considered not earlier than today, and the same decision was reached on it as had been reached on the other.

Mr. Herridge: The Minister of Agriculture did not answer my question. I finally asked: Is the government going to table the correspondence and documents mentioned in the motion for the production of papers?

Mr. Gardiner: There is no objection to that, Mr. Speaker. The documents, I think, were tabled up to a certain date; there has been other correspondence since, and that can be tabled as well.

LONG-TERM LOANS FOR REHABILITATION OF ORCHARDS

On the orders of the day:

Mr. O. L. Jones (Yale): Mr. Speaker, I should like to ask the Minister of Agriculture a question which may be regarded as supplementary to the one which has just been asked. Was consideration given to the request of the fruit growers for long-term loans at low interest rates to rehabilitate their orchards?

Right Hon. J. G. Gardiner (Minister of Agriculture): Yes; that was a question which was up for consideration today, and the same decision was reached with regard to it as had been reached previously on the other question.

STEEL

DEFENCE PRODUCTION—QUESTION AS TO SUPPLY IN BRITISH COLUMBIA

On the orders of the day:

Mr. Angus MacInnis (Vancouver East): May I have an answer to the question I asked the Minister of Defence Production on Friday, concerning correspondence with the Sheet Metal Association of British Columbia? Has the minister the information for me?

Right Hon. C. D. Howe (Minister of Defence Production): I regret that I have not the material to answer the question. I sent for it this morning. I was asking my secretary a few minutes ago whether it had arrived, but it has not. I assure the hon. member that the matter is in hand and he will get the answer tomorrow.

SUPPLY FOR MANUFACTURE OF HOT WATER TANKS

On the orders of the day:

Mr. G. K. Fraser (Peterborough West): I should like to direct a question to the Minister of Defence Production. When he is

getting the information for the hon. member for Vancouver East (Mr. MacInnis) regarding steel, will he take note to see if it is possible to obtain more steel for hot water tanks? There is a definite shortage of them for replacement purposes.

Right Hon. C. D. Howe (Minister of Defence Production): I am afraid I cannot offer my hon. friend any prospect of increasing supplies of steel for hot water tanks.

Mr. Fraser: There is a definite shortage.

Mr. Howe: I know.

REQUEST FOR STATEMENT ON SUPPLY SITUATION

On the orders of the day:

Mr. J. H. Harris (Danforth): Mr. Speaker, I appreciate what has been done with regard to steel and iron, but I had hoped that within the next three or four days—and I am in no hurry at all—the Minister of Defence Production, who has charge of matters connected with steel, and who perhaps is not too much worried about it, as, indeed, none of the rest of us are, might feel disposed to make a statement to the house as to how we are getting along in connection with steel. There are so many projects contemplated that a word from the minister may encourage the spending of some of that surplus money, about which the Minister of Finance is worried, on certain construction projects. The minister might give some thought to the question of restrictions which are not yet in the books, and, in doing so, he might give us some idea of how we may be permitted to spend some of the money on projects which are still under way.

Right Hon. C. D. Howe (Minister of Defence Production): Mr. Speaker, my hon. friend has suggested that the minister is not too much worried about steel. I should like to correct that impression.

Mr. Harris (Danforth): I know he is worried all the time.

Mr. Howe: The minister is very much worried, and about steel in particular.

Mr. Harris (Danforth): Steel supply is getting better all the time.

Mr. Howe: I can say the situation is such that if anyone has any doubts about starting a project I would urge him not to start it; and even if he is pretty firm about starting, I would urge him to reconsider.

Mr. Harris (Danforth): But what about some of those projects which are half-finished?

Mr. Howe: We will try to finish them.

Mr. Harris (Danforth): Thank you; that is the answer I wanted.

[Mr. Fraser.]

Mr. Howe: I will try to give a more complete report later on.

Mr. Harris (Danforth): There is no hurry.

CIVIL SERVICE

INQUIRY AS TO ORDER IN COUNCIL WITH RESPECT TO OUTSIDE WORK

On the orders of the day:

Mr. Stanley Knowles (Winnipeg North Centre): I should like to direct a question to the Minister of Finance, based on a Canadian Press dispatch in a recent issue of the Toronto *Globe and Mail.* Has an order in council been passed permitting civil servants to take outside jobs so as to supplement their government earnings?

Hon. Douglas Abbott (Minister of Finance): Speaking from memory, Mr. Speaker, I think there is an order in council outlining the position of civil servants in that regard, but I would not be prepared to say what its terms are. I imagine it has been tabled with other orders in council. Anyway, I shall make inquiries and give my hon. friend an answer in a day or two.

EXTERNAL AFFAIRS

MINISTER'S SPEECH IN TORONTO—REFERENCE TO REPORT IN MONTREAL "GAZETTE"

On the orders of the day:

Mr. E. D. Fulton (Kamloops): I should like to direct a question to the Secretary of State for External Affairs. Has his attention been drawn to a Canadian Press dispatch which appeared in this morning's Montreal *Gazette,* and I believe in other papers, which places an interpretation on the minister's speech delivered recently in Toronto? If so, I should like to know whether it is an official interpretation of his speech.

Some hon. Members: Oh, oh.

Mr. Fulton: Whether it is a correct interpretation.

Hon. L. B. Pearson (Secretary of State for External Affairs): I read my *Gazette* this morning, and I found nothing in that newspaper which was an official interpretation of anything that I have ever said.

Mr. Fulton: May I ask whether it was the correct interpretation?

Mr. Sinnott: Put it on the order paper.

Mr. Pearson: It was a speculative interpretation.

Mr. Diefenbaker: May I ask the Secretary of State for External Affairs, having regard to his answer to the hon. member for Kamloops in which he referred to speculative matters,

whether, when he made his speech in Toronto, he was aware of the fact that General MacArthur was going to be dismissed?

Mr. Pearson: I can answer that question very quickly—and I am glad to have the opportunity to answer it, because of reports which have appeared in the press. I had no knowledge whatever of General MacArthur's dismissal before that dismissal was announced in the newspapers.

CHINA

REPORTED ARREST OF FIVE MISSIONARY SISTERS BY CHINESE COMMUNISTS

On the orders of the day:

Mr. Lomer Brisson (Saguenay): I should like to direct a question to the Secretary of State for External Affairs. I have given him notice of my question. Has the government taken any action with regard to the imprisonment of five Canadian sisters in Canton?

Hon. L. B. Pearson (Secretary of State for External Affairs): The hon. gentleman was good enough to give me notice of this question, which deals with a matter on which other hon. members have already expressed considerable interest, notably the hon. member for Charlevoix (Mr. Maltais) and the hon. member for Kamloops (Mr. Fulton). When they brought the matter to my attention last week I told them that I was not at that time in a position to comment, but I am able to make a short statement concerning it now, and I shall be glad to do so. That statement will also, Mr. Speaker, in part at least, cover the question on today's order paper in the name of the hon. member for Chicoutimi (Mr. Gagnon).

The Canadian government has learned with grave concern that five Canadian nuns of the Order of the Immaculate Conception, who have been operating with selfless devotion an orphanage in Canton, have been detained and that their orphanage has been taken over by communist Chinese authorities. The most atrocious and fantastic crimes have been attributed to the five sisters by press reports and radio broadcasts emanating from China. The Canadian government deeply regrets that irresponsible accusations which, it is sure, are unfounded have been given so much publicity.

In the absence of a Canadian diplomatic mission in China the Canadian government has availed itself of the good offices of the United Kingdom chargé d'affaires in Peking. This officer has been informed of the great concern of the Canadian government for the five sisters and has assured us that he will lose no opportunity to do anything he can to help them.

There is no evidence that formal charges have so far been laid by the Chinese authorities. The agitation against the five sisters at the present time seems to be chiefly local. As I have already said, it is inconceivable that they could be considered guilty of the crimes which they are alleged to have committed, and the local communist officials must surely know this. I hope, therefore, that the central people's government will allow the sisters to return freely to Canada.

It may take considerable time before the case of these sisters can be cleared up, and the Canadian government is anxious that nothing should be done or said at this time which could conceivably worsen their position.

I should like once again to assure the house that the government is doing everything it can to watch over the interests of these five unjustly accused sisters, and to assure the house further that everything is being done and will be done which will help them without increasing the danger to them.

FISHERIES

QUOTA ON SHIPMENTS OF LOBSTERS TO THE UNITED KINGDOM

On the orders of the day:

Mr. W. Chester S. McLure (Queens): Mr. Speaker, I should like to ask a question of the Minister of Fisheries (Mr. Mayhew) or, in his absence, his parliamentary assistant. Perhaps the parliamentary assistant would take my question as a notice and give an answer tomorrow. What is the quota to the United Kingdom on the shipment of lobsters for the year 1951? Is the quota based on cases or on dollar value?

Mr. Speaker: As the hon. member does not expect an answer today, I suggest that the question be placed on the order paper. May I also say at this time that a number of the questions that are being asked on the orders of the day are quite long. Questions on the orders of the day should be urgent; they should be brief and should require only short answers. I would ask hon. members to try to observe the rules in this matter.

Mr. McLure: My question was short, and I supposed it would have been answered if the Minister of Fisheries had been here.

Mr. Speaker: Probably the hon. member's question was no more out of order than some of the others. In his case the parliamentary assistant, who is here, might take the question as a notice and answer it tomorrow.

Mr. J. Watson MacNaught (Parliamentary Assistant to the Minister of Fisheries): I shall be very glad to do so.

THE BUDGET

ANNUAL FINANCIAL STATEMENT OF THE MINISTER OF FINANCE

The house resumed, from Tuesday, April 10, consideration of the motion of Hon. Douglas Abbott (Minister of Finance) that Mr. Speaker do now leave the chair for the house to go into committee of ways and means.

Mr. J. M. Macdonnell (Greenwood): Mr. Speaker, we are living at a time so critical in the history of our country and of civilization that no one with any proper sense of responsibility should allow himself to be critical just for the sake of trying to score an advantage. Whether or not we are fortunate enough to come through this period without war, I suppose it is quite likely that history will look back to the spring of 1951 as a time of critical significance.

Everywhere we turn, in the Far East to Korea, in the Near East to Iran, and on this continent toward Washington, dangerous events are crowding one on another.

And yet this very fact means that we must deal faithfully with the situation before us. Everyone will sympathize with the burden carried by the minister, but its very heaviness means that the decisions which he makes are specially charged with possibilities of good or evil for the citizens of Canada.

There were great problems in wartime, but there was also an awareness in men's minds of the tremendous events that they were living through, and an acceptance of the challenge in terms of effort, of sacrifice, of courage and forbearance. Today we have almost the same danger, but not the same spirit. We are facing big events, but it is doubtful if we have the largeness of mind which is necessary. Somehow we must find the proper spirit, but, look as we will, it is hard to discern it now.

Hackneyed words come to the mind—hackneyed but true: "Where there is no vision the people perish"; and surely we are entitled to ask that the vision which we need should come from those who have been chosen to guide the people.

True, the minister has many of the words of admonition—"save", "work", "restraint". But the voice of authority and inspiration is not present in the government, and so we grope along in the dark.

[Mr. Speaker.]

The Minister of Finance (Mr. Abbott) said one thing we can all agree with in the little homily at the end of his speech:

> Tonight is the annual occasion when we count up the cost of our policies in terms of money. That cost is high.

We can agree with those words of the minister. I would say that the cost is high. It would have been high in any event, even if everything had been done. But it is higher than it should have been. Also I would seek to satisfy the house and the people of Canada that, as things are going now, we are not going to get what we are paying for. I shall try to explain that later.

Two great issues face us, as the minister said: "the pursuit of peace and the control of inflation". The ministers of national defence and defence production, we may say, are charged with the pursuit of peace, or, in other words, with our program of defence production. The Minister of Finance is charged with the other great problem, the control of inflation.

Stalin was fond of quoting Lenin to the effect that the way to overthrow a capitalist state is to debauch the currency. We have no doubt that Moscow will be quick to appreciate the difficulties which come to a free economy when a large defence program is imposed on a situation of full employment where factors of inflation are already evident. When we recall that from January to September 1950 the living index rose about eight points it is clear that the factors of inflation were present at the time when this new burden was imposed on us.

It is clear that inflation is especially dangerous to free countries where economic results are produced by the decision of free agents working in competition with each other. On the other hand, the police state regiments everyone and its logical outcome is slave labour; therefore it is not by any means so vulnerable to inflation.

There are indeed two alternative dangers which we face. If inflation should get out of control, then the communist predictions and the communist textbooks will be proved true and our system will be vastly weakened. If on the other hand the dangers should scare us into permanent rigid and universal controls, we would be in great danger of slowing down our effort.

The next couple of years might well be critical and even decisive. We will need capacity, resourcefulness, patience and forbearance. The pressures will be great and as the defence program gets into greater swing they will be greater. The situation we face now is easy enough to describe; it

has often been described as being a case of "too much money chasing too few goods". It is easy enough to describe the cure as being "more production and less consumption". The other day I quoted briefly, as reported at page 1784 of *Hansard*, a well-known economist who says:

> If when I get a larger income in dollars for myself I produce at the same time correspondingly more than I produced before, this will not raise my neighbour's cost of living.
>
> But as often as I get a larger income without at the same time producing correspondingly more than I produced before, my success in getting more income for myself must raise my neighbour's cost of living.
>
> And in parallel with this, whenever my neighbour gets a larger income in dollars for himself and at the same time enlarges his own output correspondingly, he will not raise my cost of living.
>
> But as often as he gets a larger income without at the same time producing correspondingly more than he produced before, his own success in getting more income for himself must raise my cost of living.

I suggest that there is common sense in that which we would do well to ponder.

Let me now review the situation upon which our minds are concentrated and which affects us all—the cost of living. Here are the figures for the last sixteen months, the basis of comparison being August, 1939:

January, 1950	161
April 1	164
July 3 (after the first impact of Korea)	167·5
October 2	170·7
January 1, 1951	172·5
February 1, 1951	175·2
March 1	179·7

It does not need any clairvoyant to know what this means to people with low incomes. The figures speak volumes in themselves. One or two of the letters quoted the other evening by the hon. member for Hamilton West (Mrs. Fairclough) point up the situation. The hon. member for Hamilton West can speak with special authority for the Canadian housewife. One letter has this to say—it will be found at page 1770 of *Hansard*:

> We do not ask for luxuries, but as prices are now, how does the government think an aged person can get even the necessities of life out of $40 per month? Take room rent out, and what is left to live on for a month?

Here is another letter—page 1769:

> May I bring to your attention the helplessness of our aged people? There is no union to help them as have the workers; the aged cannot go on strike. You know that $40 will not pay for rent, heat, clothing, food, etc.

I do not need to say more. The widespread distress is a matter of common knowledge, particularly among the aged and many large sections of the white-collar workers, indeed among all people who are not highly enough organized to make their increases in pay keep up with the cost of living.

There seems to be only one person I know of who is ignorant of this situation, and that is the Minister of Trade and Commerce (Mr. Howe). The minister said, as reported on page 1762 of *Hansard* of April 9:

> I am sure that we can get along quite comfortably as consumers and still engage in a substantial defence effort.

And a little later:

> Unless all-out war comes, Canadians can continue to live well.

I find it hard to realize that a man so realistic as the minister is able to shut his eyes to this situation. But we must remember that the Minister of Agriculture (Mr. Gardiner) has told us that the Minister of Trade and Commerce and he are in a very privilege position. According to the Minister of Agriculture they constitute a kind of triumvirate or big three who are separate, not only from all the rest of us, not only from all the other members of their own party, but from all other members of the cabinet. Here are the words used by the Minister of Agriculture in referring to the Prime Minister (Mr. St. Laurent), the Minister of Trade and Commerce and himself, as reported on page 1480 of *Hansard* of March 20:

> As long as the three of us remain where we are, I think it will be fairly generally agreed across the country that we have an exceedingly good government.

That remark was a surprise to me. I have always regarded the Minister of Agriculture as a modest man, and I was surprised that he should single out in this way himself and others and attempt to put themselves above all the rest of us. I was reminded of these lines from Julius Caesar with which we were all made so familiar in school:

> Why, man, he doth bestride the narrow world
> Like a Colossus; and we petty men
> Walk under his huge legs, and peep about
> To find ourselves dishonourable graves.

It is not for me as a humble member of the opposition to discriminate among the great or near great. It is not for me to say whether that is a fair judgment as between this triumvirate and the other members of the cabinet. I suppose the other members of the cabinet just say to themselves, "That is the minister's way, and we just take it."

But there was another much more striking thing said by the Minister of Agriculture. I think this was one of the most interesting and astonishing things ever said in this house. It does appear to be catching, as I shall show later in the afternoon—and it will not be much later, because I do not wish to indicate

that I am going to go on speaking for hours. Hon. members will recall that there was a certain, shall we say, difference of opinion; anyway there was a different way of describing certain events; I hardly know how to find the correct words. At any rate, this is the way the Minister of Agriculture summed it up. I told you a moment ago how enthusiastically he spoke about himself and the other two members of the big three, and he then went on to speak of himself and the Minister of Trade and Commerce. I suppose we can still call the minister the Minister of Trade and Commerce, although I suppose we shall also be dealing with him mainly under his new ministerial title.

Referring to himself and the Minister of Trade and Commerce, the Minister of Agriculture said, as reported on page 1448 of *Hansard* of March 20:

> One of the reasons why we—

The Minister of Trade and Commerce and himself.

> —are satisfied to be where we are is that we both know that we can afford to make statements, knowing that we might be incorrect—

I want to read that again, because that to me is one of the most interesting things I have ever heard in this house or ever hope to hear:

> One of the reasons why we are satisfied to be where we are is that we both know that we can afford to make statements, knowing that we might be incorrect because we have a leader who does not make many mistakes.

I am sure we all join in the feeling of enthusiasm that we have a Prime Minister who never makes mistakes; nevertheless it is a strange doctrine announced by the Minister of Agriculture. As I say, it almost seemed as if it were spreading to the Minister of Finance and the Minister of National Defence. I am not suggesting that the Minister of Finance—what shall I say—considers that he enjoys this blessed irresponsibility of being able to make statements knowing that they might be incorrect, but I suppose at times all of us might like to have a dispensation of that kind if we could be sure that it was valid and coming from a responsible quarter.

I have been speaking briefly of the effect that high prices are having on the lives of individuals; but the havoc of high prices is not confined to individuals. High prices, as the Minister of National Defence told the American Arbitration Association, are throwing out of gear the defence program, the important objective for which we are making sacrifices and expect to make so many more. What irony if in the pursuit of peace we organize so badly by letting prices get out of control that we fail in the objective! Nevertheless the Minister of National Defence has warning words which we had all better consider, and I suggest even the Minister of Defence Production might pay some attention to these words too. The Minister of National Defence spoke to the American Arbitration Association on March 30. I think the minister visited that association not so much in his quality as Minister of National Defence but in his quality as a former adviser of the Chamber of Commerce. I think it was for his work in civil life rather than in the government; nevertheless there he was before the American Arbitration Association. He spoke at length about our defence problem, and after all, that is what he is interested in and knows most about. He said some things which we might very well have thought he might have said to us first before he took the American Arbitration Association into his confidence. Here is what he said:

> The armed forces and industry combined must make a frontal attack on the cost of defence equipment. This has become so costly that neither we nor our allies can get what we need—

Note this, Mr. Speaker.

> —without going on an all-out war economy.

These are pretty strong words. Here we have again, and not for the first time, two voices in the cabinet. The Minister of Finance has been telling us that we can make do as we are on what we will call a half-and-half basis, or a three-quarter-one-quarter basis, but the Minister of National Defence says: No; neither we nor our allies can get what we need without going on an all-out war economy. I suggest that as these ministers sit side by side they had better get together and find out what is happening. Incidentally they could tell parliament too.

I must say there are some figures I have read which seem to justify very fully what the Minister of National Defence said. For instance, the Toronto *Telegram* of April 12 has a dispatch which says that a frigate cost $1,700,000 in the last war, and that a subchaser, which I understand does somewhat the same work, now costs $8 million. Certainly that gives one furiously to think.

There are two other things the Minister of National Defence said in the same speech that I think are worthy of the attention of the house. No doubt one of these days the Minister of National Defence himself will come along and tell us something about these things, but I am giving hon. members a little advance information. The minister said further:

> Unless you actually see it, it is hard to imagine how defence costs have soared.

Then there is another statement which I find very interesting, for two reasons: first, because of the figures it contains, and second, because it seemed to me to indicate the extraordinarily difficult questions of judgment and decision which are involved in the problem now facing his department. The minister said further:

> I am always asking our people if a five per cent increase in performance justifies a fifty per cent increase in cost.

These figures are startling, and I say again they seem to me to indicate the size, the importance and the difficulty of the problems now facing the Department of National Defence as a result of whose decision so many hundreds of millions of our money are going to be gobbled up. I find these extracts from the minister's statement disturbing reading, particularly as I had more or less of a feeling that I wished they had been said here before they were said to the American Arbitration Association. One does not like to say it, but at the moment it almost seems as if the American Arbitration Association were closer to the minister's confidence than we are.

This leads me to make a suggestion. The public accounts committee is about to scrutinize the public accounts relating to defence, which of course come down to March, 1950. There is always a bit of a feeling in the public accounts committee that you are delving into the realms of ancient history. I am not suggesting how it can be avoided, but with the important and immediate decisions that have to be made in the Department of National Defence today it intensifies my feeling that if we are to be prevented in the public accounts committee from looking at anything after March 1950, it would be like having the play without Hamlet. I am hopeful that the government may decide that in this particular case the public accounts committee may carry on its review to a very much later time than March, 1950.

Discussion in a standing committee of course is better than in committee of the whole, for two reasons. First of all, the committee is smaller; you can have a much more informal and useful discussion, and, in the second place, standing committees may have expert witnesses. How important it is at this time to have the fullest information on these problems of immense difficulty such as the one the minister referred to when he said that the difference between five per cent and fifty per cent would have to be considered. How can any matter of that kind be dealt with in committee of the whole? The answer is that it cannot be dealt with in committee of the whole, that parliament should come closer to the matter. At the moment, as I have said, we really know less than the American Arbitration Association, and we really will not be very much better off after the estimates are through because we sit in this large room, in a large committee, and of course in public.

I suggest that the minister's words are disturbing. They will be disturbing to the public mind, and it is important that everything possible be done to reassure the public mind. After all, that is the duty of members of parliament, and if hon. members are more in the confidence of the government, then we can foster much better the spirit of confidence in the public mind.

How has this difficult situation arisen? Has it just "growed" like Topsy? Let me review it very briefly. After the unfreezing of prices and abandonment of subsidies which came after the last war, prices rose from 119 in 1945 to 123 in 1946, to 135 in 1947, to 155 in 1948, and to 167 in 1950. In 1948 there was an inquiry by the prices committee, and there was a temporary curb on credit, but in the same year there were also highly stimulating procedures at work, procedures invented in 1945 for the purpose of dealing with depression, such as double depreciation, and the boom generated by this and other inflationary measures continued. If I may take a moment of the time of the house I should like to read what I was bold enough to say three years ago about this very thing. Speaking in this house on May 21, 1948, at page 4246 of *Hansard* I said:

> But what I complain about . . . is that we continued to use those measures long after it was perfectly clear that we should have done exactly the opposite. Signs of the boom really appeared in 1946, and the methods outlined in 1945 should have been altered then, and altered quickly. Instead, the government continued to use them and even accelerated them. What we needed was a sedative; what we got was a strong tonic. What do I mean by that? I mean that the government did two things. It powerfully stimulated plant expansion by what I think were extravagant inducements in the way of depreciation, and it also continued to pursue an easy money policy, which was the other method of encouragement.

As I say, the government persisted in this technique, which was designed for a depression, long after it was made clear that there was a boom. As I have mentioned in this house before, the Winnipeg *Free Press* referred to this as the big blunder; while the Hamilton *Spectator*, in rather racy language, referred to it as the disastrous holiday-mood easy-money era that found politicians and economic pressure groups doing everything in their power to make inflation a permanent institution.

That policy was still in flower when the impact of Korea struck us. One would have

been entitled then to expect that every effort would be made to overcome the mistakes and failures of the past. One would have expected vigorous efforts immediately; but try as we would, we could not get the government to declare an emergency. We could not even feel that they thought there was an emergency, though the cost of living had risen from 161 in January of 1950 to 169 in September. One wonders how much further evidence was needed to bring about immediate and effective action. In his budget speech on Tuesday evening the minister admitted that virtually nothing had been done—and I shall substantiate that a little later by quoting his words—until parliament assembled and the pressure was put on, if I may say so, by the opposition. Not only was nothing done; it was really worse than that, as is evident from the words of the Minister of Trade and Commerce in this house on February 8. Comparing the present with 1941 the minister said:

> This time many people expect the reimposition of the same kind of controls and are governing themselves accordingly.

In other words the minister was calmly informing us that with all the talk of controls that was in the air, the government, by doing nothing, or practically nothing, had stimulated buying for the rise. The minister had quite clearly in mind what was happening when he said people were "governing themselves accordingly," and his words not only did nothing to discourage that practice but I believe his words must have encouraged people to go on, because after all it was clearer then than ever before that the government was thinking about taking steps. It never got past the stage of thinking; nevertheless it stimulated these people to go out and try to beat the gun.

Now let us have a short post mortem of the September session. What did the Minister of Finance do after brave words about dealing with inflation? Well, it seems to me it would be fair to say, in the words of the old proverb, that "the mountains were in labour but all that was produced was a ridiculous mouse". The only thing we had was the instalment buying legislation passed in September, followed by some regulations in November. I believe those were ineffective, if not practically nugatory, and the best proof I can offer in support of that statement is that recently much more effective regulations were passed, and we are now to have an amendment of the instalment buying legislation. But those more effective regulations were passed only a few weeks ago.

Last September the need of credit controls, to which the minister referred the other night, was ignored—and I think that word is fair. There was reference to it, but nothing was done.

I think we can say practically the same thing about the Minister of Trade and Commerce, to whom we gave broad powers last autumn. The need for those powers he explained in the house in these words:

> If for war purposes we shorten the supply of materials and the remainder is insufficient for domestic supplies, we then take the right to fix prices on materials for domestic use and arrange distribution.

Notwithstanding that, so far as I can discover, virtually nothing was done until January. It was no doubt to explain his inactivity that the minister told us on February 8:

> Up to the present defence purchases have not been of sufficient volume to be in themselves responsible for shortages.

I find this absolutely unconvincing. I am not suggesting it may not be true in the narrow sense, but with prices rising and with every reason to believe they would rise further it is not possible for me to believe that nothing more could be done. Indeed I think it perfectly clear that both ministers were afflicted with what I may call Korea-itis; that is to say, when the lull came in the fighting in the autumn of 1950 they thought they were off the hook; they thought strong measures were not necessary, and acted accordingly.

I refer back to my complaint about the failure of the Minister of Trade and Commerce to take effective measures, and I quote again from the well known United States economist, Slichter, to indicate his belief that great results can be achieved along the very lines the minister suggested and for which we gave him power last September. Slichter says:

> An effective way of discouraging the demand for consumer goods, and thereby limiting inflation, is to prevent industry from making the kind and quality of goods that consumers desire to buy. Price ceilings, as I have pointed out, do this to a certain extent, though that is not their purpose. A more effective restraint on consumer demands comes from restrictions on the use of scarce materials.

I think it is merely a statement of plain fact to say that the government lost precious months. If they had begun in September we would have said they were slow starters. But they did not begin then; and all they did was miss the bus again. As I have said, I think the lull in the fighting in Korea is the answer.

Now let us look at the anti-inflationary steps which the minister brought to our attention. What is his plan of campaign? Well, first there is the restriction of credit. I have pointed out that this should have been

done months ago, that it is months late. In effect the minister admitted this, because he said these policies—

—take some months to show their effects on excessive purchasing and the rise of prices, but already one begins to see evidence of their influence.

I devoutly hope that is true. The minister did not tell us that due to the delay in the application of the regulatory measures which the Bank of Canada was set up to exercise, some $400 million of new money was created through bank loans during those months, and this money went into competition with salaries, wages and other income, thereby helping to boost the cost of living. In passing I must say that the chartered banks are not to blame for this. Their business is to lend money to credit-worthy customers. The policy of restriction is up to the government through its agent, the Bank of Canada. I think the best we can say for the minister is "better late than never".

The next weapon the minister told us he had was that of economy. He told us, not without some pride, that he had been able to save $35 million out of a non-defence expenditure of $2,036 million. The Winnipeg *Free Press* has dealt with this matter fairly faithfully, and I think it would be better to use their words than my own, because they would be less prejudiced.

After praising the minister for his "pay-as-you-go" policy the *Free Press* says:

But if the underlying truths of this budget are examined it will be seen that the government's courage has outstripped its sense of reality. The budget in fact is a contradiction. Mr. Abbott stated the issue with clarity but he did not face it. "Two great issues face the world today," he said, "They are the pursuit of peace and the control of inflation."

And the *Free Press* continues:

The budget itself contains no answer. Of the total outlay of 3,700 million dollars, expenditures on defence will be 1,662 million. This represents the pursuit of peace and is not to be criticized. The balance of 2,036 million represents the other of Mr. Abbott's great issues—the control of inflation. This vast outlay is for non-defence, for government services of one kind or another. How great it is may be gauged by the fact that in 1945-46, the first year of peace, the corresponding expenditure was only 1,062 million dollars.

Further, in the same editorial the *Free Press* said:

Mr. Abbott had a great deal to say about economy. But the government's achievement here was only 35 million out of 2,036 million—virtually total failure . . . for the time being the government is trying to avoid a choice and to go on meeting the claims of peace and of war. The results are clear enough. The cost of living index stands at close to 180 . . . Instead of making the choice the government in the present budget is temporizing and hoping by the higher taxes and other measures to hold the inflation in check . . . but the issue remains . . . no government can continue to throw oil on the fire with one hand and keep down the flames with the other.

My comment on the $35 million is that, if the supplementary estimates are taken into account, the $35 million saving will, I fear, disappear and be replaced by an opposite figure, I would judge, considerably higher.

The truth is, of course, that the Minister of Finance (Mr. Abbott) has not had to face economy. We have allowed him to take money enough to get along easily. We allowed surpluses without demanding any plan for debt retirement in advance. As a result, the minister found himself for years with hundreds of millions of dollars up his sleeve. What chance of real economy is there in a situation like that?

The government's third instrument is instalment buying which I have already mentioned. I merely repeat that the legislation passed last September was ineffective, as well as the regulations, but that new regulations and new legislation are being brought forward.

We now come to a new and interesting remedy, namely, a new depreciation regulation which is described as a "stiff deterrent" to expansion. The right to charge depreciation is withdrawn on a wide range of production, in respect of capital assets acquired after April 10 last. Certain classes of capital goods are excepted automatically and certain additional classes on the certificate of the Minister of Trade and Commerce (Mr. Howe).

This regulation invites comment. First of all, I think it can be described as an indication of the final break with the inflationary expansionist policy. Instead of double depreciation, we now have depreciation withdrawn for four years as a "stiff deterrent". We have gone from one extreme to the other. I think we must admit that the boom assisted by government action had grown so acute that something was needed, and this novel expedient may do good. But what an irony! Three years ago, double depreciation; now, depreciation cut off for four years. It may, I fear, cause hardship to those whose business demands expansion, unless they can come within the excepted classes, because it will greatly increase their taxes.

Another unsatisfactory feature is that this means more power gravitating to the Minister of Trade and Commerce. I am not going to go over what I have said on that subject before, and which I know he likes so much to hear. But it is interesting to find the Montreal *Star*, which has not been niggardly in its attitude toward wide powers to the minister, now saying:

The scheme is not going to be easy to work out and it may work out in many instances unfairly.

Who is to choose between projects which deserve depreciation and those which do not? There will be both confusion and delay.

I hope those views expressed by the Montreal *Star* may find expression in many other newspapers, and that this feeling may become widespread.

One other factor the minister referred to was that of interest rates; and of course the government policy there we find reflected in a very practical form, namely, the reduction in the prices of government bonds. Tens of thousands of people—yes, I suppose hundreds of thousands—are outraged by this situation. Having bought bonds well above par—perhaps at 103, 104 or even 105—and now finding those bonds selling at 97 or 98, they are inclined to blame the government.

I was amazed the other day to find how widespread this feeling is. I suppose it is not surprising, because every effort was made to convey the impression that government bonds could not and would not go below par. The extent of this assurance—and nothing was done to check it, so far as I can see—was astonishing. In 1948, I think it was—at any rate, two or three years ago—there was a temporary drop in the bond market, and I ran into an investment dealer—it is true he had been in Ottawa during the war, and he may have acquired some of the control complex—and said to him, "Is the bond market going to find its own level?" He said, "Well, of course, it can never go below par." Could anything show more clearly the extent of this misleading assurance? It was in the air. It was widespread. It was almost universal. Nothing was done to disabuse the public mind. Indeed, I fear that in the highest financial circles there was a feeling that they had found some new secret by which they could control the bond market. Now, of course, they are finding that one of the old principles is now showing itself, namely, the need of incentive in order to get people to save.

We on this side of the house I suppose can take some negative satisfaction from these two measures, just as we did from the government's collapse in the foreign exchange control matter; because it is the case that the government has now, in effect—although we cannot expect the minister to say so—confessed that it has been wrong and has abandoned those two policies.

I now come to the minister's last inflationary curb, that of taxation. The main taxes, of course, are the general sales tax and other commodity taxes. In the general sales tax there was an increase of 25 per cent. Other commodity taxes were increased, some 66⅔ per cent and some a great deal more.

Then there are the corporation tax and the personal income tax. I wish to deal first of all with the commodity taxes and their effect on the cost of living. To the extent that they curb consumer buying they are deflationary, but to the extent that they add to the cost of living they will fail to be deflationary and they may only have the effect, which is widely pointed out, of putting pressure on the taxpayers to use every means in their power to demand pay increases in order to offset the taxes. Of course, if that happens, we know the difficulties that then arise.

Now, the corporation tax: We must face the fact that a large part of that will be translated into the price, and will also add to the cost of living. Looking at the other side of the shield, we have the income tax, which will lessen our capacity to pay.

The rises in prices will be immediate and inescapable, and the measures to combat high prices are just beginning and, as the minister very candidly said, they will take time. Failing a miracle, a further rise is inevitable.

The minister made a valiant effort to minimize the effect of the sales tax on the cost of living, but I found him, and I think others found him, very unconvincing. It was an ingenious argument but it will not carry much weight. Furthermore, no one will doubt of course that among the other things included in the other excise taxes, commodity taxes, articles such as stoves, washing machines, and so forth, in the life of the modern family have become practically necessities, however hard it is for some of us who are older to realize that.

And so we have as the primary effect not the lessening of consumption but the driving up of prices. For this reason Mr. Ralston in 1940 refused to recommend an increase in sales tax. He said:

We realize that increases in indirect taxes disguise the burdens imposed by the war, but they are much more likely to distribute these burdens harshly and unfairly. While increases in such taxes may eventually be necessary, we are striving in this budget to deal with the situation . . . by direct call on our citizens graded according to their means and responsibilities.

The following year Mr. Ilsley quoted with approval what Mr. Ralston had said, and also refused to increase the sales tax. Of course we are all familiar with the pyramiding effect: where you have the manufacturer, the jobber, the wholesaler, the retailer, you get a mark-up on a mark-up on a mark-up.

Now, let us see the reaction of public opinion, as reflected in the press, to the budget and perhaps in particular to the sales tax. The Windsor *Star* of April 11 said:

The dominion government has not checked inflation—either courage was lacking or the members of

the government are so completely out of touch with the Canadian people that they don't know what is going on.

The Ottawa *Journal* of April 11 said:

It would be wrong to say that what Mr. Abbott brought us yesterday was an anti-inflationary budget. All Mr. Abbott seems to have done is to impose levies sufficiently heavy to bring the sums required for the defence effort, with no theory or nonsense about stopping inflation.

The Windsor *Star* again:

To think the increased taxes will appreciably reduce the demand for a diminishing flow of goods is to be naïve. The higher taxes are more apt to encourage demands for higher wages so the higher cost goods can be purchased.

L'Action Catholique mentions a special aspect which will be of interest to the province of Quebec. It says:

The increase in the sales tax will automatically increase the provincial sales tax, since the latter is based on the price of the merchandise including the federal sales tax.

The Ottawa *Citizen*, in an editorial entitled "It could have been worse" says:

The real shocker of the 1951 budget is the increase in the general sales tax to 10 per cent.

The Montreal *Star*, speaking of the general sales tax, said:

It will inevitably bring in its train demands for higher wages.

The Toronto *Star* adds:

It is on the whole a good budget marred only by the sales tax increase.

Throughout the press there was a remarkable unanimity against this increase of 25 per cent in the general sales tax. The quotations which I have given are typical.

To sum up, there is a wide belief that the general sales tax will be of little use as a reducer of consumption, but conversely will have the effect of increasing the cost of living. To a large extent the same will be true of other excise taxes.

Let us face the situation. This budget, which is purporting to cure inflation, will cause as its inescapable first result a substantial increase in the cost of living. One inevitable result, as the Montreal *Star* points out, will be forced on many of those in the community; the well organized will try to seek wage increases, and of course wage increases, unless accompanied by increased production, can have only one effect—the deadly spiral.

There is just one other aspect that I wish to refer to briefly, and that is an indication of a tendency on the part of business to take advantage of this situation, which I hope is not typical. The hon. member for Lake Centre (Mr. Diefenbaker) referred very forcibly and cogently to this the other day; but the things that I wish to refer to are but rather trivial instances, and yet they may be—I hope they are not—straws showing the way the wind is blowing. I understand that the tax on cigarettes was raised three cents, but that the price was shoved up four cents; conversely, I understand that the taxes on chocolates were reduced two cents a bar, but the price came down only one cent a bar.* As I said a moment ago, I hope that that is not typical. I hope that the business community—as I am sure many of them have—are showing a sense of responsibility very different from that.

Considering this situation, and the inevitable result in new taxes, I wish to examine the budget carefully from the point of view of the money the government is taking from us. A correspondent of the Montreal *Gazette* on Friday last sent the following report:

"The federal government will tax more dollars from Canadians per capita than in the wartime peak. In the 1943-44 peak, Ottawa took 207·17 per capita in all tax forms. Last year the comparable figure was 200·86. But for 1951-52 with defence costs mounting, per capita tax will be 242·97. The reason it won't be noticed is that national income figures are much higher now and the government's cut of the melon, while higher in dollar and cents, is lower proportionately. In the peak war year, the federal authorities took 26·9 of the national income. In the new fiscal year they will confiscate 21·5 per cent."

It is interesting to look back to 1939 and find that the comparable figure then was 38·76. It seems like another world.

As we look back over the budget, particularly during the years that the present minister has been Minister of Finance, we are struck with one remarkable fact. Each year there has been a tremendous increase of revenue over the estimates. Sometimes the difference seems almost fantastic, and last year was no exception. In the spring of 1950 the minister estimated, if I remember correctly, a surplus of $20 million. What happened? In four months it was up to $253 million, about twelve times the estimate. Last September he had another go at it. After the new taxes and appropriations, the estimate was $15 million. Well, the result made that estimate look silly. The actual result was $203 million. I should point out that this $203 million was after introducing two charges which I very much suspect were not taken into account in September when the calculation was made. I refer to the $65 million paid to the western farmers and the $75 million adjustment of the civil service superannuation fund, doubtless a necessary adjustment; although, incidentally, I might say that we have got no adequate explanation yet as to why it was so long in coming to light and being dealt with. Therefore I say it would be far fairer to compare the $15 million estimate of last September, not with

*(*See also page 2139.*)

$203 million, but with $343 million; in other words, something like 22 times, a good arithmetician tells me.

Of course, we remember the budgets before 1949, in those days when we had cyclical budgeting, the cycle of course not being a financial cycle, but a political cycle. We remember that the minister before 1949 held back plenty of money so that in 1949 we could have the sunshine budget in which, I believe, there was tax reduction to the extent of about $323 million.

But those times are gone. However lenient we were then, I think the time for that has gone past. And I begin to wonder if these extraordinary increases are pure coincidence. I am generous enough to believe that somehow or other the Department of Finance can estimate better than that. Indeed, I wonder if it is just becoming a habit. I suppose ministers of finance must love surpluses. Indeed, the other evening when the Minister of Finance announced the surplus and spoke about the buoyant revenues—caused, of course, largely by disastrous increases in prices—the thought crossed my mind: Is it possible that the Minister of Finance does not detest high prices as much as the rest of us do?

However that may be, when the minister announces his windfalls I notice there are never any apologies. He always sounds rather proud, although what he is really telling us is that he has picked our pockets to the tune of several hundreds of millions of dollars. And it is not all his fault, perhaps, because we poor taxpayers have been so foolish that we have almost allowed ourselves to be wheedled into a feeling of satisfaction over what is nothing short of a great failure on the part of the minister. What we should do is criticize him severely for having taken more money than he needed. I remind myself of what that great British Chancellor of the Exchequer, Philip Snowden, is reported to have said: If a chancellor of the exchequer has a half crown at the end of the year more than he needed, he is guilty of taking money under false pretences.

Mr. Abbott: Even if he had a heavy debt?

Mr. Macdonnell (Greenwood): I am coming to that. Let us just consider what surpluses are like, unless they are according to plan, and are earmarked for debt reduction, so that we have got something to which we can hold the minister. We have never had anything we could hold him to. Moreover our surpluses have never been from spending less but they have always been from taking more.

Of course it is obvious that the effect on the spending departments must be bad when there are surpluses. Can anyone imagine a nice fat surplus, and spending departments really co-operating with the minister in doing what they can to bring down their expenses? I simply cannot imagine it.

Now let us apply this to the present situation. I believe in pay-as-you-go—no doubt about it; but I do not think that this year we need budget for too great a surplus. I have spoken about the practice, now almost a settled habit, of having large, unexpected surpluses. There is a competent view that with the foreshadowed gross national product of $20 billion we are heading into another large surplus. I suppose it may be said that neither fiscal control nor the stiff deterrent of the reduced depreciation is likely to reduce by very much this $20 billion production if, as I imagine, this estimate is based mainly upon a construction plan already in existence.

And this brings me to ask this question: Suppose we increase the general sales tax, as the minister has asked, by 25 per cent, and other excise taxes by 66⅔ per cent and more and suppose we have another surplus, even though it be much less than surpluses we have had in the past and which, as I say, competent opinion is predicting for the current year; will we not feel that we have behaved in a very unwise manner by adding in this way further to the cost of living?

Therefore, having regard to the acute living cost situation which exists, having regard to the fact that it will be accentuated by this budget, having regard to the legitimate belief that this year of change-over and adjustment is an especially difficult year, and having regard to what we understand to be the fact, namely that defence spending is going at a rate less than anticipated—having regard to all this, I am going to propose that this year, instead of accepting without question the minister's request for money, we say to him that we will not give him the $3,700 million he asks, but that he can forgo at least the increase in the general sales tax.

I believe there is every expectation, judging by precedent, that his revenue will increase adequately to cover the amount—which I think is $105 million this year—but I also point out that, if contrary to expectations the surplus does not fully cover the amount, he can still have recourse to economy, perhaps with more enthusiasm than in the past.

There is small reason to believe that this budget will achieve the aim set up by the Minister of Finance, that of controlling inflation. Quoting again from the Winnipeg *Free Press*, "No government can continue to throw oil on the fire with one hand and keep

down the flames with the other". At the present time it seems clear that the government is relying on events in the United States to pull them out. It is true that there is a sign of slackening in the United States at the moment, but it would be very premature to believe that, with all the pressure for defence expenditures, this slackening will be anything but temporary. It is much more likely that this results from some confusion and overlapping surrounding the changeover from civilian to wartime production. Indeed I read only today that evidently there has been poor co-ordination between wartime spending and civilian spending. I hope the government will not rely wholly on the United States, but that they will take whatever further steps are necessary.

I am not asking for a miracle. On the other hand negation is not a policy. The only result that follows from the disposition to use the old adage "wait and see" was described many years ago. This result can easily be "too little and too late".

I venture to use again the words I used the other evening: how long does this government think they can turn their backs on the people and still say that they have the people at their backs?

I move, seconded by the hon. member for Souris (Mr. Ross):

That all the words after "that" to the end of the question be deleted and the following substituted therefor:

"the proposals of the Minister of Finance are unsatisfactory because they will inevitably increase the cost of living for all and especially for those least able to bear it.

This house condemns in particular, as inflationary, the increase by 25 per cent of the general sales tax and is of the opinion that the increase is unnecessary and unwise.

This house further condemns the heavy increase in excise taxes on certain essential commodities and is of the opinion that much of the government's proposed huge increase in taxation is due to its own extravagance.

This house regrets the failure of the government to take effective steps to deal with profiteering."

Mr. M. J. Coldwell (Rosetown-Biggar): Mr. Speaker, in spite of what I may say a little later about the budget, I wish to join with the hon. member for Greenwood (Mr. Macdonnell) who, shortly after the budget was delivered, complimented the Minister of Finance (Mr. Abbott) upon his manner of delivery, and his placement of the records of the financial operations of the government before the country. I think the minister in the budget he has brought down has placed before the house a clear exposition of the government's view respecting the financial situation in which the country finds itself at the present time.

I join however with the hon. member for Greenwood in criticizing the department for not having estimated the surpluses more accurately than they have been estimated from year to year. There may of course be reasons why this has happened, but nonetheless I think we should have greater accuracy than we have had during the last number of years.

I listened with great interest to the hon. member for Greenwood (Mr. Macdonnell). I agree with much of the criticism which he levelled at the budget, and at the government whose budget it is. I shall perhaps repeat some of that criticism but in a different manner.

We do indeed live in very interesting and challenging times. I know that people sometimes wonder how we are going to get through the period in which we are living, but I think one is privileged to live in a period like this when there are so many challenges to society and when we are in the midst of such great economic and social changes.

In his budget the minister stated that there were two great issues which face the world today. First, there is the achievement of an enduring and expanding peace, and then there is the other problem of inflation. In our opinion the first is primarily a question of how best to achieve world understanding and co-operation through the United Nations. We believe that the second problem can be dealt with primarily as a domestic problem. I do not agree that we have to rely on conditions in the United States or have to be wholly governed by what happens within the borders of our great neighbour. Of course we cannot be entirely uninfluenced by what takes place there and indeed across the world.

Regarding the problem of peace, we realize that all we can do, and indeed all we must do is to use our influence and power for the peaceful settlement of disputes among nations. We are of necessity forced to accept the co-operative decisions arrived at after consultation and negotiation with other members of the United Nations. In other words, whether we like it or not we are not wholly and entirely sovereign in the realm of international affairs.

On the other hand, while our domestic economy, as I have just said, cannot remain uninfluenced by world economic trends and tendencies, there is much that we can do within our own borders to protect our people from the devastating results of such runaway inflation as we are experiencing at the present time. The government has not done anything, nor does the budget do anything

effective to relieve the Canadian people from the evil effects of rising prices and uncontrolled inflation.

Prices have risen in a spectacular manner over the last six months, that is, since the minister introduced his interim budget last September. At that time we were told that some of the objectives of that budget were to minimize the inflation that was then quite in evidence and which has since gone much further. Indeed the last increase recorded by the dominion bureau of statistics was the highest in points in Canadian history. The index now stands at an all-time high of 179·7, as the hon. member for Greenwood remarked.

Of course the basic cause of inflation is excessive money, credit and purchasing power in relation to the goods and services available for sale or purchase. Another cause is that business, wholesale and retail, makes demands for factory goods and raw materials in anticipation of the development of shortages, because it believes goods will be in short supply. The result is that prices, particularly consumer prices, are pushed up unduly. We can add to this the belief, encouraged by the government, that price controls may be introduced and the determination that when they come some business will be, and I quote the words of the Minister of Trade and Commerce (Mr. Howe), "all set" and ready with high and profitable prices.

So far the inflation that we are experiencing has been largely psychological. Prices have been rising in anticipation of serious shortages and still higher prices. The vast expenditures for defence preparedness have not indicated their full effect. Defence expenditures are still largely in the first or preparatory stage. Only when defence industries are working to their fullest extent will the full effect of defence demands for basic materials, factory space, machines and labour be felt. If there is in addition demand for manpower from the armed forces as the result of more intensive recruiting, the consequent labour shortages and inflationary pressures must of necessity become intensified.

Thus it is that we of the C.C.F. are renewing today our insistent demands for a comprehensive national economic plan and the immediate institution of price controls and subsidies. Failing such a policy the relatively lower farm incomes along with increasing cost of production and a decline in purchasing power of wages will cause discontent on the farm and bring about renewed wage demands in the industrial areas. I say to the minister that these could upset both our defence efforts and all his budgetary forecasts. That this may happen has been stated by some of the leading men in both the farm organizations and the labour unions within the last couple of weeks. Yet neither in the budget nor in any of the government's pronouncements during this session can one find any realistic approach to these problems.

On the other hand, some of the proposals in the budget will increase further the already oppressive high cost of living. This is particularly true of the twenty-five per cent increase in the general sales tax. It is all very well for the government to argue, as the minister did the other night, that the sales tax applies only to one-quarter or one-third of the expenditures of families in the lower or middle income groups, but these are the groups that include pensioners of all types, persons living on annuities, savings and fixed incomes; these are the people who can least afford this substantial increase in the sales tax.

The hon. member for Hamilton West (Mrs. Fairclough) is in her seat this afternoon. One week ago I quoted from a survey which had been made in Hamilton and which indicated the hardship and malnutrition faced by old age pensioners in that city in this province. Whatever way we consider it, the sales tax is fundamentally an evil tax and most oppressive. It is made more oppressive because it is collected at the manufacturer's level and thus is pyramided substantially before it reaches the consumer.

To illustrate what I mean, let us take an article subject to tax which the manufacturer prices at $10. To this he adds the sales tax of $1. Therefore the wholesaler who buys from the manufacturer bases his profit of 20 per cent, let us say, not on $10 but on $11, and the price he charges to the retailer becomes $13.20 instead of $12. The retailer now adds his mark-up of 33⅓ per cent, let us say, so that the consumer pays $17.60 for the article instead of $15. By the time the 10 per cent tax has been paid by the consumer it has risen, in the instance I have just given, to about 12·7 per cent, nearly 13 per cent. If there are intervening mark-ups or the mark-ups are larger, as they usually are—

Mr. Browne (St. John's West): Where did you get the figure of $15? It is $16, is it not?

Mr. Coldwell: Yes, between $15 and $16 is right. I said $15 did I?

Mr. Browne (St. John's West): Yes.

Mr. Coldwell: —on many classes of goods, the tax is correspondingly increased, and its effect on the cost of living is correspondingly greater. We object, and always have objected, to this tax on principle, but since it is going to be imposed anyway we urge

the house to provide that the ultimate consumer shall pay only the tax on the first or manufacturer's price. In other words, we urge the house to forbid any other person to add to it or to make any profit on the sales tax paid at the manufacturer's level.

Of course there can be little criticism in these times of taxes on luxury goods, but a tax of 25 per cent on some types of electrical appliances, and even in many instances on lower priced automobiles, is excessive. While some automobiles are luxuries, because of the way in which our cities have spread out and the manner in which hundreds of salary and wage earners, business and professional people, have to get to their work every day by automobile, an automobile is a necessity to them. Be that as it may, a most objectionable feature of the tax proposals included in the budget is the new levy of 15 per cent on mechanically operated domestic refrigerators, washing machines, and all domestic cooking stoves except those designed for the burning of coal and wood only.

Mr. Low: Scandalous.

Mr. Coldwell: As the hon. member for Peace River (Mr. Low) says, that is a scandalous proposal. It means that all kinds of electric, gas and oil stoves will be subject to the tax. Today oil, gas and electric cooking stoves are of universal benefit as labour-saving devices when domestic help in both rural and urban areas is almost impossible to obtain. Modern suites, whether in large cities or in small towns, and many new homes are not properly equipped with chimneys for the emission of smoke from coal or wood burning stoves. I wonder what percentage of the houses that have been built in this city over the last number of years have chimneys so situated that the pipes of a coal or wood stove could be connected to them. I know a number of homes where it is absolutely impossible unless a new chimney is built from the kitchen to emit the smoke.

When we consider the higher down payments required on newly constructed homes, increased mortgage interest rates, the excessively high cost of furniture, the added burden of a 25 per cent increase in the sales tax on some articles of household use, and now this new tax on certain types of stoves, washing machines and refrigerators, those establishing new homes are given a very severe knock indeed by the minister's budget. In my opinion the minister certainly might have found other luxuries that could have stood further taxation before imposing these onerous taxes on such modern necessities as those mentioned in the budget. I think everyone expected increased taxes on alcoholic beverages, and, in spite of the minister's explanation as to why he did not meet this expectation, I am of the opinion that the money to be raised through taxes on modern household equipment should have been obtained by increased levies on users of alcoholic beverages, and indeed a wide range of other luxuries.

Let me say that it is not only the government's tax which increases prices but also the advantage taken by some business interests to increase their prices and profits on the basis of taxes, which in turn increases the burden placed upon society. The hon. member for Greenwood (Mr. Macdonnell) gave an example a few minutes ago, the increase of 3 cents in tax on 20 cigarettes which immediately became 4 cents to the actual consumer. Mind you, I am not objecting to high taxes on cigarettes and tobacco. After all, they are not necessities of life although many consider that they contribute to a pleasant way of living, if I may put it that way. On behalf of the C.C.F. party I wish to protest strongly against the new tax on cooking stoves other than those designed to use coal and wood exclusively, as well as on washing machines and refrigerators, and of course the 25 per cent increase in the general sales tax. It follows therefore that the amendment moved by the hon. member for Greenwood is in line with our thinking.

There is one further word I should like to say in connection with all these objectionable taxes. They hit hardest those who can least bear the blow. It seems to us that as an alternative certain types of household goods and articles of clothing manufactured according to standard utility specifications should be classified as utility goods and be exempt from both sales and excise taxes. Under the circumstances I think that is a constructive suggestion that the minister might well consider. With an increase of 25 per cent in the sales tax and a new excise tax on certain types of stove, as well as the other increased excise taxes, I should think the proposed amendment to the constitution to allow the provinces to collect a provincial sales or turnover tax will be nullified by the budget. I cannot see how the provinces can impose a further sales or turnover tax. Unfortunately the provinces have few alternative methods of taxation. The dominion government has very largely occupied the field of direct taxation and, as we see by the budget, is occupying it to an ever-increasing extent. Therefore what is happening is that the provinces have restricted fields of taxation. I think that means that federal grants to the provinces for specific purposes such as education and

health are now more essential than ever. Indeed the whole cost of social security, including a national health plan about which I hope to say something more in a few moments, must be borne by the federal authority. Most of the provinces cannot bear an added burden.

To some extent these taxes are defended on the ground that they will discourage buying and hence relieve the pressure on scarce commodities like steel, in that way acting as a deterrent to further inflation. Well, of course this is the government's purpose in its policy of restricting bank credit and instalment buying, but I can tell the minister that the effect of this credit policy is being defeated to some extent by the activities of the small loan and finance companies. They still advertise widely that they have plenty of money available to lend to borrowers who are willing to pay the rate this house made legal several years ago, 18 per cent. Their balance sheets, their advertising and their busy offices indicate the extent to which purchasers of household goods as well as automobiles are turning to them to get enough money to provide for the cash payment, and thus escape the barriers placed against instalment buying or the making of small loans from our banking institutions.

Mr. Abbott: That is a breach of the provisions of the act, of course.

Mr. Coldwell: It is easy to escape that, though. They borrow money and as far as I know there is no check on what they borrow it for except what the person says. I hope the Minister of National Revenue (Mr. McCann) intends to investigate and inspect this kind of business pretty thoroughly. It seems to us that apart from the usurious rates of interest permitted by our own legislation, which we as a party strenuously opposed when the legislation was before the house several years ago, the government should place definite proposals before the house to deal with a situation of that kind. If we are to forbid the banks to expand credit, which they provide at relatively reasonable rates in normal times, certainly we should see to it that loan sharks are prevented from lending money at unreasonable and usurious rates of interest.

The minister urged people to save, but I find and I fear that the disposition is to spend. That disposition is becoming more prevalent, to spend and invest in durable goods that will have some value. This is encouraged by the steadily depreciating dollar. People who have saved in the past have seen their investments in life insurance, annuities, victory and other bonds steadily decline in value in terms of goods and services. I might add that when the victory loan campaign was inaugurated during the war the hon. member for Melfort (Mr. Wright) pleaded with the government to do what it did subsequently in connection with the savings bonds, and say to the people who invested in those bonds that they would be guaranteed at least par value for the bonds they bought. As the hon. member for Greenwood (Mr. Macdonnell) said, today some of these war bonds are selling below par. Thus the incentive is to say, "Let us eat, drink and spend and enjoy what we can buy, because in a year or two our dollars may be worth far less than they are now."

Yet while incomes in terms of goods have steadily declined, profits have continued to soar. In its previous budgets since the war the government has failed to drain off excessive profits or tax the enormous capital gains which have accrued to Canadian industry. Individuals who have fixed incomes, who work for salaries or wages, or farmers who deliver their produce to public or co-operative agencies, are taxed to the full extent on their incomes because the department knows exactly what their incomes are. But there is a widespread belief—whether or not it is correct I am not prepared to say, though I have been told a number of times, and quite reliably—that some companies, corporations and business people are able to charge against their business operations expenses which wage earners, salaried people and farmers must pay. I am informed that sometimes personal cars, travel and even holiday expenses are charged as business expenses.

Mr. McCann: But not allowed.

Mr. Coldwell: Not allowed if found. But I have an idea that the investigation is much more thorough in some parts of Canada than in others. I have always been puzzled as to why we should find farmers in one part of Canada paying millions of dollars in income tax and farmers in another part paying only $14,000 or $15,000 in all in a single year. It seems to me there must be a difference in the way the investigations are carried on. But to continue with what I was saying; Mr. John Doe of Blank and Blank decides he wants a trip to Montreal, or to New York, or to some other distant point. He has business connections there, it is true. He calls on a firm with which he has contacts to discuss something which might not really necessitate a trip at all. Unless there is very careful scrutiny he may be able to charge that to his business account.

Mr. McCann: Why don't you deal with something real? You are putting up hypothetical cases.

Mr. Coldwell: I am dealing with something real.

Mr. McCann: Then give us the names.

Mr. Coldwell: Income tax matters are all protected by secrecy. We do not know what the minister does in his department. He asks me to give him names. Let him give us the names of some of the taxpayers who have excessive profits and incomes, and we will give him the names for which he asks.

Mr. Lesage: But you are the one making the charge.

Mr. Coldwell: I am not making charges. I am drawing these matters and possible abuses to the attention of the minister and the government in order that a proper and thorough investigation may be made in all parts of Canada into accounts of this description. I am not saying this is done universally, but I am saying that I believe it is done in some instances; that there are tax evasion practices that are not open to farmers who deliver their produce to grain elevators or to wage and salary earners whose incomes are reported to the government and whose tax is deducted at the source. I am urging careful investigation.

Because of the criticisms we have made from time to time in the past of the general effect and advantage to some types of business of the depreciation write-offs, I was particularly interested in the minister's determination to prevent the writing off of certain types of capital investment out of the expected high profits of the next few years when corporate profits may be high and income taxes also high. This is in line with a criticism we made during the last war and subsequently of the government's taxation and depreciation policies. I was glad to have our arguments, at least in part, so strikingly confirmed by the Minister of Finance in his budget speech. Since his new deferred depreciation regulations are designed to prevent profits from going into new capital expansion, I suggest that he should go one step further and relieve the tax burden on the lower income groups by taxing these unusable accumulating profits on a steeply graduated scale.

Mr. Abbott: They will be taxed at the rate of 50 per cent and up.

Mr. Coldwell: I am glad the minister did not lower the income tax exemptions. With the soaring cost of living, they are already too low. A good case can be made for raising the exemptions under present circumstances to at least $1,500 for single persons and $3,000 for married persons without children. Certainly it was better to impose a surcharge on the tax to be paid; but, again, it should have been on a graduated scale instead of at a flat rate. The lower brackets should have been exempted and a graduated surcharge imposed in the middle and higher brackets. This would have been fairer and more just; and, under the circumstances, I think it is quite essential. However, apart from that, the idea of the surcharge on what is, if properly applied and if precautions are taken to prevent evasion, the most equitable form of taxation we have, namely, the income tax, is to be commended.

As for corporation taxes, the minister has been much more tender with them than with taxes on the individual citizens of the country. The minister said that to increase corporation taxes to a point of yielding still larger revenues, which would do grave damage to the economy in the long run, would be unwise; but as I have already shown, the hidden and indirect taxes placed upon the Canadian people are, in our opinion, likely to do much more damage to the health and welfare of the Canadian families than additional graduated taxation on corporations could possibly do.

If we look at the figures presented in the minister's budget, table No. 7, we find that in 1939 corporation profits, before taxes, amounted to $618 million; in 1946 they had risen to $1,450 million; in 1949 there was a further jump to $1,898 million; and in 1950 the minister estimates that they will amount to $2,270 million, an increase indeed of 19·6 per cent over 1949. Even after taxes, corporation profits in 1950 will amount to $1,402 million, an increase of 19·7 per cent over the 1949 figure.

On Saturday the Montreal *Gazette* published its initial compilation of earnings for 1950 compared with 1949 for one hundred Canadian firms whose financial years all coincide closely with the calendar year. These one hundred companies showed a profit increase on the average of 27·4 per cent, compared with the net, after all charges, including taxes, for the same one hundred companies in 1949.

The outstanding increase, in both dollar volume and percentage of profit, is to be found in the pulp and paper industry. Seventeen companies engaged in this industry showed an increase of 33·7 per cent compared with their 1949 totals. I say this indicates clearly that while wage earners, salaried people, farmers and people on superannuation and other forms of fixed income are being squeezed, Canadian corporations are enjoying unprecedented prosperity and profits. That is why we feel that if individual Canadians are called upon

to endure the burdens imposed by our necessary defence preparations, corporations and companies should not be allowed to maintain very high and, in some instances, quite excessive profits.

The minister indeed is determined to protect them against the effect of the 20 per cent defence surcharge which he provides shall not operate so as to reduce the net income after the federal tax on any company to a point below 5 per cent on the capital involved.

Mr. Abbott: The capital employed. I thought my hon. friend said "involved".

Mr. Coldwell: The capital employed. This position is quite the reverse of that which was taken in 1939 when this house passed a Defence Purchases Act, since repealed, providing that profits on defence contracts should not exceed 5 per cent. This indicates clearly the fundamental difference in the approach of the Liberal party now and of the C.C.F. now in regard to this problem. We believe that when our institutions are in danger and sacrifices are to be made, there should be some attempt to achieve at least some equality of sacrifice. Because of this, Mr. Speaker, I wish to move a sub-amendment, seconded by the hon. member for Vancouver East (Mr. MacInnis), which is as follows:

That the amendment be amended by adding thereto the following words:

"This house further regrets the failure of the government to exempt from the proposed 20 per cent defence surtax the incomes of single persons up to $1,500 and the incomes of married persons up to $3,000."

The minister's budget obviously does not in any particular achieve the ends which I have outlined and which we should have in view.

During the last war Canadians were led to believe that as soon as the war was over a comprehensive social security system would be inaugurated. The Beveridge report had been placed before the British people and in Canada a somewhat similar report was made by Professor Marsh. Coincidentally, a parliamentary committee was established to recommend a national health insurance plan; indeed a bill was drafted, and prior to the 1945 general election the Canadian people were told that this measure would go into effect as soon as a dominion-provincial agreement had been reached on constitutional matters.

As a matter of fact, in the dominion-provincial conferences, this question and the problem of universal old age pensions were not reached on the agenda and as yet no adequate attempt has been made to fulfil the expectations that were raised by the presentation of the Marsh report and the formulation of proposals for a national health plan. In mentioning this, I want to say that if we are to maintain nation-wide support for our struggle against the threat of totalitarian aggression, the Canadian people must be granted the social security measures which they were promised during the second world war; and what is true of our domestic situation is equally true in the realm of our participation in international affairs. We cannot defeat the threat of totalitarian communism or fascism, should it again raise its ugly head, by military might alone.

The budget indicates clearly the huge expenditures involved in our military plans; these are expenditures that we must make. Yet in contrast, Canada's contribution to the first year, for example, of the Colombo plan is a conditional $25 million. While we are, I believe, making a great effort in military preparedness, we are not assuming, either within our own country in the realm of social security or in regard to such plans as the Colombo plan, obligations comparable with those assumed, for example, in a much harder-pressed country, namely the United Kingdom; nor are we contributing as much per capita to the southeast Asia plan as is Australia.

I therefore say that in order to achieve our objective in maintaining freedom and democracy, we must place greater emphasis upon the economic aspects of our own domestic situation, of such international organizations as the Atlantic alliance, and of the problem of southeast Asia.

While there are features of the budget that I could commend, such as the provision to allow union dues to be charged as a deduction, and the provision which will allow money spent on drugs, to a certain extent, to be used as a deduction for income tax purposes, yet, my time being limited and expired, I have made the criticisms of the budget which I felt we should make and which are in line with criticisms we have made in similar debates on many other occasions.

Mr. Solon E. Low (Peace River): Mr. Speaker, the Minister of Finance (Mr. Abbott) brought down his budget last week, and yet the Canadian people today are still faced with two most serious threats. I acknowledge the seriousness of the international dangers that beset us at this time, and I

want to assure the government now that we of the Social Credit group are most anxious that our country, Canada, shall take every step that is possible or required to do our full share in stemming the tide of communist aggression and in establishing peace, security and good will, and true liberty throughout the whole world.

The present budget ought to be viewed at least partly, as the minister said in his budget address, against the facts of the international background. But I would remind the Minister of Finance that the main consideration in providing for an adequate defence effort appears to be the wherewithal, or in other words, revenue.

Viewed solely from the angle of providing revenue, the budget appears to lack nothing. It does provide for enough revenue to enable the government to continue a fairly high level of services and at the same time make a substantial defence effort. But in my opinion inflation presents at this moment the greatest threat to Canadian strength, to Canadian safety and to Canadian well-being. And because inflation is our greatest enemy at the moment, and since the defence effort seems to be adequately provided for, I am compelled, in my address today, to consider the budget more from the point of view of its effect on prices and the cost of living than from any other aspect.

I ask hon. members today, what good will it do us to gain all our objectives in the international field through the use of diplomacy, armed strength and economic aid to other countries, if in the process we destroy our own economy and with it our chances of demonstrating to the whole world the superiority of the individual enterprise economy and our free way of life?

In his speech on Tuesday last the Minister of Finance said, as reported at page 1798 of *Hansard*:

> A third great asset we should take full note of is that here in Canada, unlike so many countries, our people are not split and divided by fundamental cleavages of opinion. My task this evening is made easier because I sense that there are no great issues of principle dividing us.

Well, I am thankful, as is the minister, that there is not in Canada a numerically strong part of our population who militantly champion the cause of communism, and who oppose our way of life. I believe almost all sections of our population agree that we must unite our efforts to resist aggression and the spread of communist imperialism; that we have an obligation to help backward and starving peoples in other lands to build up their economy so that they can help themselves, and that peaceful relationships with all countries and people the world over ought to be cultivated by us. But we of this group, Mr. Speaker, claim—and we have the best of grounds on which to make the claim—that the Minister of Finance is obliged to administer a financial and economic policy that compels him to be a petty dictator, because it forces him to put a much higher value on statistical figures than upon human flesh and blood.

We do not agree in any respect with that policy. We Social Creditors declare that every policy adopted by any government ought to have as its sole reason for existence the good and welfare of individual human beings.

I have often said that I like the Minister of Finance. I think he is a fine fellow, with great ability and buoyancy of spirit which are certainly difficult to match anywhere. I think he could be the greatest Minister of Finance Canada has ever had, if this house would lay down for him a financial policy which recognizes that human welfare must be its first and foremost obligation, a policy made for men, that exalts individual human beings to a position above institutional arrogance and disregard. That is the aim, and that kind of policy the minister has not got upon which he could lavish his great administrative abilities and his fine attainments.

The present budget is full of evidence of the truth of what I have just said; and as long as he has not got such a policy as I have suggested there will continue to be a decided fundamental issue dividing him and his colleagues from me and mine throughout this great country. I assure him, though, that that difference will not prevent us from giving the fullest co-operation to the government in all things designed to protect our country, our economy, our people and their welfare; but we must continue to struggle for the introduction into Canada of the Social Credit way of life which is nothing more or less than the principles of Christianity applied to finance, economics and the government, as well as to personal liberty.

Let me say to the Minister of Finance that he will never solve the threatening inflation danger and its allied shrinking of the purchasing power of the Canadian dollar until he does adopt a financial policy which regards the welfare of human beings as a paramount consideration. We place ourselves squarely on the side of the masses of the ordinary Canadians in their struggle for freedom from

oppression of every kind, and the present financial policy administered by my good friend, the Minister of Finance, is an oppressive policy.

There are some good things that one could say about the budget. I liked the air of optimism that the minister had when he presented it. I relished also the faith that he expressed in our country and in its ability to come quite safely through the storms that appear ahead. I believe that the minister was wise in adding the simple surcharge to the personal and corporate income taxes, rather than disturbing the present rates and exemptions. When the time does come that he will not need so much revenue as he does now—and I hope it will come soon—it will certainly be easy, and not at all disturbing, to drop this surcharge. Furthermore in this provision—this is one at least—the minister did recognize the very heavy struggle that the people in the lower income groups are having to make ends meet under the impact of the highest living cost in our history. If he had not spoiled it later on in his budget we would have much more hope for the future, and he would have had much more reason for rejoicing.

I think the minister's provision of something of a deterrent to private capital investment for the next five years was good. It probably will not deter very much investment, but it is good as far as it goes, and it certainly is based on the right principle so far as I am concerned.

The minister was fair also, and he showed some sensitiveness to public opinion, when he provided in his budget for changes in tariff that are designed to give free entry into Canada to certain items of farm equipment, such as grain and hay driers, individual sprinkler irrigation systems and certain fishing equipment, and some items of dairy equipment. The farmers and fishermen of Canada will certainly be thankful for these changes because they will in some measure at least reduce the cost of production, and in so far as they do that they will be an inducement to greater productive effort. I compliment the minister on those changes.

There is also in the minister's declaration the pay-as-you-go policy. He says that through the present difficult period he intends following that policy. Well, certainly his financial arrangements this year indicate that at least during the next year he will follow it, and he will be able to. We support the idea of a pay-as-you-go policy now. But let us hope that the government does not make the same mistake that they made during world war II when, after declaring a pay-as-you-go policy, they departed quite swiftly therefrom shortly after the start of the war and ran our national debt from $3,500 million up to $16 billion by the time the war was over. Not only that, but some very foolish things were done in the name of bond selling which did help to establish quite firmly in the Canadian economy the roots of our present serious inflation.

I think the minister delivered a timely warning to the public at large which included consumers, producers of every kind, farmers, merchants, businessmen and labour when he asked for restraint and good sense in all economic matters, and appealed to all producers to increase their efficiency and their output.

It is plainly evident that if we are going to whip inflation and save and stabilize our economy we have all got to produce more, which means, of course, as the minister said, harder work and perhaps longer hours, and surely a definite increase in our efficiency in our productive effort. Unless we produce more, and unless at the same time we reduce costs, we cannot hope to bring prices down to within manageable proportions. The minister could very well, if time had permitted, have appealed to organized and unorganized labour of all kinds to concentrate their attention on increasing their purchasing power, rather than merely going through hell and high water to get increases in their dollar income. When they do take that line of action their efficiency is bound to increase, and their efforts will be really worth while.

On the part of employers of labour I think it is absolutely essential that they go all out in an effort to cultivate better employer-worker relations by every means at their disposal. If they do not, I cannot see how there can be higher production, and therefore lower consumer prices. I do not know of any better way of improving employer-worker relationships than through the introduction of incentive systems, such as profit-sharing.

A number of most interesting experiments along this line have been conducted in various parts of America over the last twenty or twenty-five years. Unfortunately the experiments have been mainly carried on by small companies, some of which have in those years grown to be pretty large and powerful as a result of the incentive system. The bigger corporations in this country would do well to concentrate on some such sort of improved relations between the management and those who work for them. A fine example for them to follow, in my judgment,

would be that of the Lincoln Electric Company of the United States, which has been the leader in this sort of labour-management relations for some time. No strikes have disrupted their progress, and right from the time that the system was introduced the cost of producing a unit of goods has shown a steady decline.

After saying these good things about the budget—and I have deliberately taken those few moments to say some good things about it, in fairness to the minister and to the government—I must turn now to some criticisms. I could go on and say other good things, but I have not the time.

Mr. Abbott: Too many to cover them all.

Mr. Low: As I have said, the budget does appear to provide the government with sufficient revenue to make it possible for them to conduct a strong defence effort, and to continue to give a fair level of services. The dollars that will be brought in by the various methods of taxation, of course, will be emaciated ones that will have a hard time to buy fifty cents' worth. But there seems to be sufficient of those emaciated ones to fulfil the purposes the minister has in mind.

But the budget will do nothing to put value back into the Canadian dollar. Let me repeat that the budget will do nothing whatever to put value back into the Canadian dollar, and to bring down the cost of living. I see in the budget inflationary forces, and I cannot help declaring that the budget itself is an inflationary budget—just as the hon. member from Greenwood (Mr. Macdonnell) and the leader of the C.C.F. (Mr. Coldwell) have said before me.

I quite agree with those gentlemen when they say it is an inflationary budget. Here are some reasons—and I believe any man should be ready to give reasons for the faith that is in him. In the first place, the government proposes to spend essentially all the revenues that it takes in this year. That means that there is not going to be any surplus for the purpose of removing purchasing power, just so that it cannot be spent.

I am not criticizing that; I am simply making a statement of fact. This alone indicates that there will be $3,586 million of government spending out in competition with the many billions of individual spending during the coming year. There is no provision whatever in the budget to prevent further inflation of prices under these circumstances—not the slightest. In the second place, while it is quite true that the government has proposed certain tax increases on which it means to rely almost exclusively just now for controlling inflation, I am absolutely sure within my own mind that the taxation they propose will be no curb on inflation; and I am perfectly sure that under present circumstances the minister will soon discover that that is so.

Dr. Carl Shoup and two of his colleagues from Columbia university published in 1943 the results of a careful research project which they called "Taxing to Prevent Inflation". I secured a copy of that book and read it because I was intrigued with the idea of taxation to curb inflation. Here is what Dr. Carl Shoup and his colleagues had to say, on the very first page of the book:

> Prices may be about to rise because production and transportation have become more difficult, so that each unit of finished production requires more man-hours of effort than ever before. Although time-rates of wages remain unaltered, there is a rise in labour costs per unit, and possibly in other unit costs also. Under these circumstances it is unlikely that taxation can keep prices down; taking away purchasing power from consumers by taxation will not alter the fact that costs per unit of finished output will have risen. Prices must rise with costs unless the government provides subsidies.

And then comes the part which applies especially to Canadian conditions today. It is almost a recital of the conditions under which we live. Dr. Shoup continues:

> Similarly, if costs rise because the agents of production arbitrarily raise the price of their services by concerted action, taxation is no cure. The business world in general might refuse contracts unless promised a higher rate of money profits; labour might insist on higher rates of money wages. Whether the result were an increased money flow supported by an expansible credit system, or a decreased volume of production, or both, would depend in part on the tax policy that was adopted; but the rise in prices would be present in any case, in the absence of subsidies combined with rationing.

Now, one can easily see in Canada the exact situation described in these quotations, particularly the second part. Under the circumstances, to think that the taxation proposed by the Minister of Finance, unaccompanied by subsidies or other action, would bring down prices or take care of the inflationary situation is pure foolhardiness.

Mr. Blackmore: At least as bad as that.

Mr. Low: What does inflation mean? Inflation means simply a rise in prices; so that anything that increases prices is inflationary, whether on an individual basis or considered over the whole of the economy. James F. Lincoln, president of the Lincoln Electric

Company, about which I spoke a few minutes ago, in a description of his Lincoln incentive system, says this:

> Taxes increase the cost of everything we buy. We could call them all sales taxes for they are all charged against the cost of production and show up in increased price of everything the ultimate consumer buys. Only the consumer pays taxes in the final analysis.

The only difference in the effect of the incidence of various taxes is the amount of price increase that results. Some taxes pyramid prices and others do not. I was surprised, and I am sure that people from one end of the country to the other were shocked, when the minister announced a 25 per cent increase in the sales tax. It is perfectly clear from the speech of the minister that the government is using this tax for revenue purposes exclusively, and certainly not for its anti-inflationary provisions. I am thoroughly in agreement with those who say that there are other sources from which the needed revenues could have been obtained without in any way causing an increase in general prices. As the hon. member for Rosetown-Biggar said, the minister could have placed an additional levy on liquor and beer to raise the whole amount. That is one place where he could have got more money. By increasing the sales tax from eight per cent to ten per cent the minister has increased the hardship faced by many Canadian people and has definitely increased prices or the inflationary condition in this country.

Let us take a look at what some experts have to say about the sales tax. I have heard it argued right in this house that the sales tax does not pyramid prices and does not necessarily cause inflation. Dr. Carl Shoup, and his colleagues, Milton Friedman and Ruth P. Mack of Columbia University, in a study called, "Taxing to Prevent Inflation", published in 1943, expressed this view on page 89:

> Both (manufacturers' and wholesale sales) taxes may result in some pyramiding; that is, the retailer and, under the manufacturers' tax, the wholesaler also, may apply their customary percentage mark-ups to a cost price that includes the sales tax, thus obtaining a profit on the tax.

I remark right here that the experience in Canada is that in periods when there are moderate corporation income tax rates and no excess profits taxes the sales tax at the manufacturer's level almost always results in pyramiding prices, which simply means that the consumer is forced to pay much more in additional prices than the dollar the government hopes to obtain from the tax.

Dr. Shoup conducted a survey of the general sales tax in France some years ago, and on page 323 of his report called "The Sales Tax in France" he says:

> Many French commentators, more especially those not connected with business firms, believe that the buyer (wholesale or retail) raises his prices by more than the tax, the theory being that the business man sets his prices on the basis that his profits must equal a certain percentage of his expenses; and as the tax is counted amongst his expenses, the base on which the profit percentage is considered, is swelled. Hence, the logical conclusion, frankly stated, is that the imposition of the tax increases the businessman's profits.

Nothing could be more clear than that statement by experts who have spent a long time in a most careful and comprehensive study of the effects of the incidence of the general sales tax. Back in 1923 the Illinois and Indiana bankers association sent their tax counsellor, Mr. H. R. Archibald Harris, C.P.A., to investigate the Canadian sales tax. It is something when you get a bankers association investigating the effect of the incidence of the sales tax. They must have been quite concerned about the effect of it upon the ordinary people. At the time it was being proposed to impose a sales tax in both Illinois and Indiana. At page 35 of his report entitled, "The Sales Tax in Canada," Mr. Harris says this:

> The so-called painlessness of the Canadian tax is costing the taxpayer about 40 per cent more in taxes than would be necessary if the tax were simply added on to the price which the consumer finally pays, instead of being put on the sales price of the manufacturer.

There you have a concise statement of the situation, and without question it is a true statement. That is one reason why I have always been opposed to a sales tax at the manufacturer's level. It definitely tends to pyramid prices and create hardship for people in the lower income groups. As an illustration of what the imposition of sales tax will do we have the announcement today by Imperial Oil Limited of an increase in the prices of gasoline, diesel oil, fuel oil and other oils, purely as a result of the imposition of the increased sales tax last week. That will increase prices and the cost of living to the Canadian people, as well as increase the cost of production to the Canadian farmer and those who use quantities of diesel and fuel oils.

When the minister asks himself and the Canadian people whether a threatened rise in price can be averted by additional taxation, let him re-examine the expert opinions I have just quoted. There is no doubt in my mind that under present circumstances the answer would be a resounding "No". I am definitely opposed to an increase in the sales tax at this time because it is inflationary and

will cause hardship. All my colleagues are in thorough agreement with that. I am further opposed to it because it will impose hardships upon already over-burdened people in the lower income groups of our population and because it denies our people the advantages they should be getting from technological developments throughout the world.

As we go along we are inventing new methods of manufacturing, better materials, new types of machinery that can make things faster and cheaper than ever before in history, and yet the people of the country cannot have the advantages of this type of progress because the government insists on coming in and putting on such dreadful things as a pyramiding sales tax. Prices are going up and up, and continue to do so. They will continue to do so as long as we persist in following the present outmoded and foolish practices in our financial operations.

I am also opposed to what appears to be an inclination on the part of this government to convert as many direct taxes as they can into indirect and hidden taxes. That is not a sound thing to do. If the merchants of this country were to show the price of every article they sell to the public in two parts, the actual cost less tax on one side and the total taxes applying to the article in separate figures on the other side, which when added together would be the cost to the public, the people of this country would soon change the policy of the Minister of Finance. It might be a right good thing to have done.

There are very few up-to-date and comprehensive studies available to Canadians to inform them about the economic effects of the incidence of our various taxes. I have made quite a search in all the libraries I could contact and I have found that such studies are not common and are few in number. I think the government owes it to the people and to themselves to provide some money for the making of a thorough survey by competent students of our sales tax, income tax both corporate and personal, excise taxes and tariffs. The people of Canada have every right to this information, and certainly the legislators of Canada sorely need it if they are to do a good job of governing our country.

The special excise tax of 15 per cent on refrigerators, electric stoves, washing machines and certain other household electrical appliances is a discriminatory tax. Not only does it impose a higher cost of living on many people but it is also a discriminatory tax. It singles out especially young people who are just now trying to set up housekeeping. Goodness knows there have been enough impediments put in their way without having this discriminatory tax put upon them. What with sky-high prices for ordinary essentials, scarcity of building materials, lack of housing, high rents, and scores of other things, my gracious, anybody with half an eye can see that these young people should not be burdened any further. Anyway, I ask the minister: Why single out the electric stove, power washer and refrigerator and call them luxuries in this day when in many places, as was so well pointed out by the hon. member for Rosetown-Biggar (Mr. Coldwell), there is no other choice? That is true of many places in Canada. These young people will be forced to pay $16 million more this year on these few items alone to get started in housekeeping than they would have had to pay last year. Does anyone say that the budget is not inflationary to them? Of course it is. As the hon. member for Macleod (Mr. Hansell) says to me —this is the Liberal wedding present to our young Canadians.

Furthermore, can anybody justify a tax that discriminates against certain sections of the Canadian population? In my judgment no discriminatory tax can be justified in this or any other country. Here is one bit of revenue—it is only $16 million—that the government really did not need, so why did the minister not find some fairer way of limiting the use of scarce steel and other metals than this unfair way? He has budgeted for a surplus of $30 million.

I turn for a moment, Mr. Speaker, to the cost of living. Since I spoke in the debate on the cost of living early last week there have been fairly strong indications that organized labour, civil servants and others are beginning a drive for further wage increases to offset the recent great increases in the cost of living. The index for March shows a rise of 4·5 points over the index for February. As you will recall, the index for February showed an unprecedented rise over the index for January. Indications are now that the index may continue to rise further in the months ahead of us. Certainly the situation will not be improved if further wage increases are sought, no matter whether or not they are given. If wage increases are granted when they are sought then of course prices will soar again and inflation will become much more dangerous. If they are sought and not granted, then employer-labour relations may become strained to the point where production will suffer a decline, and that in itself would be a dangerous thing because it would intensify the effects of inflation.

Labour cannot be blamed for trying to survive in this crazy world, but I must say again that labouring men throughout Canada would be far better off if, instead of going all out after higher dollar incomes, they would spend their energies and capabilities trying to increase the purchasing power of their present incomes.

Mr. Blackmore: By bringing down prices.

Mr. Low: By bringing down consumer prices. They and everybody else would benefit that way, and we might possibly as a result begin to get away from this dog eat dog competition that threatens to destroy us and our economy. Putting sense—or cents—back into the Canadian dollar so as to bring back its purchasing power is the most important economic effort that anyone could be engaged in today. We have simply got to solve this terrible cost of living problem one way or another or it is going to destroy us, and that is not a pleasant prospect. It is the most pressing problem of this age. Every bit of useful information about the cost of living and the declining purchasing power problem that we can possibly accumulate, organize and place before the public ought to be made available to the people.

I am applying much of my efforts to this very problem, and I invite all other hon. members of the house to do likewise. On Monday, April 9, the hon. member for Rosetown-Biggar put on *Hansard* some very useful figures with respect to the cost of living. I was intrigued by them, and have studied them carefully. Since that time I have put them into short tabular form, and have extended them to show at a glance exactly how serious the decline has been in the actual purchasing power of personal incomes in Canada from 1946 to 1951. I compliment the hon. member for Rosetown-Biggar for digging out these figures. They are available to everyone. They are simply compiled from dominion bureau of statistics figures quoted by the Bank of Canada in its statistical summary of February, 1951. I should like permission to put this short table on the record because, as I say, it is essential in the interests of progress that the people of Canada have before them all the facts and figures they can gather with respect to what inflation does to them and to their incomes. May I have permission?

Mr. Speaker: Has the hon. member permission?

Some hon. Members: Agreed.

Mr. Low: The table is as follows:

TABLE SHOWING SERIOUS DECLINE IN ACTUAL PURCHASING POWER OF PERSONAL INCOMES IN CANADA FROM 1946 TO 1951

Years	Population	Cost of Living Index	Personal Income (Millions of Dollars)	Per Capita	Real Purchasing Power in Terms of Cost of Living Index (Millions of Dollars)	Per Capita	Confiscated Purchasing Power through Inflation of Cost of Living Index (Millions of Dollars)	Confiscated Purchasing Power through Inflation Per Capita
			$	$	$	$	$	$
1946	12,307,000	123·6	9,671	786	7,824	636	1,847	150
1947	12,582,000	135·5	10,342	822	7,632	607	2,710	215
1948	12,883,000	155·0	11,842	919	7,640	593	4,202	326
1949	13,549,000	160·8	12,674	935	7,882	582	4,792	353
1950	13,845,000	166·5	13,320	962	8,010	578	5,310	384
1951	13,870,000	179·7	13,327	961	7,416	535	5,911	426
TOTAL	—	—	71,176	5,385	46,404	3,531	24,772	1,854

Compiled from "Dominion Bureau of Statistics" figures quoted by "The Bank of Canada" in its statistical summary of February, 1951.
Percentage decline—15·88% in five years.

This little table shows the Canada-wide picture. Oftentimes we hear just such exchanges as took place in the house today about one part of the country finding itself under more duress than another part of the country with respect to inspections, collections, and so on of income tax. It is often wise to take the dominion-wide picture and to break it down in order to show what the facts are in each of the provinces. I have done that, Mr. Speaker. I have broken down the figures in the table I have just put on *Hansard* to show exactly what the decline in the real purchasing power of personal incomes has been in each of the provinces. I am not going to ask to put them all on *Hansard* because it would take too much space. I have broken down the figures for the whole dominion to show what the increase in the cost of living index has done to the real purchasing power of personal incomes in my own province of Alberta as an example, and I should like to put it on record in this short tabular form in order to show what has happened in that province.

Mr. Speaker: Has the hon. member permission?

Some hon. Members: Agreed.

Mr. Low: The table is as follows:

ALBERTA PERSONAL INCOME IN DOLLARS AND IN REAL PURCHASING POWER

FOR YEARS 1942–1949

Years	Population	Cost of Living Index	Personal Income (Millions of Dollars)	Personal Income Per Capita	Real Purchasing Power in Terms of Cost of Living Index (Millions of Dollars)	Purchasing Power Per Capita	Confiscated Purchasing Power through Inflation of Cost of Living Index (Millions of Dollars)	Confiscated Purchasing Power through Inflation Per Capita
			$	$	$	$	$	$
1942	776,000	117·0	521	671	445	573	76	98
1943	792,000	118·4	485	612	410	518	75	94
1944	818,000	118·9	590	721	496	607	94	114
1945	826,000	119·5	556	673	465	563	91	110
1946	803,000	123·6	654	814	529	659	125	155
1947	822,000	135·5	700	852	517	629	183	223
1948	846,000	155·0	862	1,019	556	658	306	361
1949	871,000	160·8	879	1,009	547	628	332	381
TOTAL	—	—	5,247	6,371	3,965	4,835	1,282	1,536

Figures from "National Accounts, Income and Expenditure 1942–1949" issued October 5, 1950 by Dominion Bureau of Statistics.

Personal Incomes includes salaries, wages, labour income, agricultural income, incomes of unincorporated businesses owned by individuals, interest, dividends, and rents.

Let me say here, Mr. Speaker, that the table I have just put on the record shows that, although the total personal money incomes of all the people of the province of Alberta increased from $521 million in 1942 to $879 million in 1949, and the per capita annual dollar incomes increased from $671 in 1942 to $1,009 in 1949, the real total purchasing power increased only from $445 million to $547 million. The per capita annual purchasing power rose only from $573 to $628. Just by a glance at these tables one can see what a terribly confiscatory effect the present inflationary situation has upon personal incomes, and it can be worked out in dollars and cents.

The present inflationary situation may be a world-wide condition, as the Minister of Finance says, but I can assure him it is no phenomenon. It is a serious indictment of the financial and economic policy being followed by this and other nations. Inflation, like unemployment, does not come about as a result of the appearance of some virus-spreading spots on the sun. It does not just happen. Inflation comes about as the direct result of policies that are laid down by men, and it can be cured only by other and better policies laid down by men who are determined to give the human resources of this and other countries the opportunity for development and growth which is their divine right. It is to that end, it seems to me, that we ought to direct our attention. It is to that end of providing opportunities for the fullest possible measure of individual development and progress that the Social Credit organization across Canada has directed its attention and efforts.

I think I cannot close with any better words than these. Unless we get down to business and solve this serious question of the cost of living and the declining value of the Canadian dollar that problem will destroy our economy, and with that destruction of our economy will go the destruction of our chances for liberty in the years to come.

At six o'clock the house took recess.

AFTER RECESS

The house resumed at eight o'clock.

Mr. E. A. McCusker (Regina City): Mr. Speaker, tonight I should like to direct the attention of the house to a serious problem which is affecting Saskatchewan and to offer a solution to it. I refer to its loss of population. First, I should like to give a little of the history of its settlement; second, economic and other reasons that have led to the loss of population; and third, steps which should be taken to establish economic stability there so that we can retain and support our population.

About the turn of the century the settlement of the prairies started in real earnest. The tides of immigration from many nations flowed in, met and commingled. Racial traits, national antipathies and unknown tongues made slow the progress in welding these divergent people into a homogeneous community. But that amalgamation did take place, and today we have a united people in Saskatchewan.

In the great work of building up that country, many forces conspired to hasten this fusion taking place and none was more potent in influence than the opportunity given these people to work out their individual destinies under democratic institutions. Many of them for the first time experienced freedom there. These provinces were settled by young people from the maritimes, Quebec, Ontario, the United States, Great Britain, Ireland and many parts of Europe. They were the younger sons and daughters—the more venturesome—who sought opportunity in a new land. They brought from their countries little of worldly goods, but they brought a wealth of culture, ambition and determination. They quickly adapted themselves to the new life and to the hardships of pioneering, and built up that country. If you do not think that they have been assimilated and become good citizens, look at the honour rolls and read the names of those sons and daughters who served in two wars; look at the registration in the universities; look at the names of those taking part in the musical festivals. I am sure many of you were thrilled last night with the lovely voice of June Kowalchuk, of Regina, who sang in Toronto on the program "Singing Stars of Tomorrow" and won the first award. Look at the names of our athletes. In every part of the country you see the people who came there taking part in our activities.

After the first war our soldiers returned and helped us to build up that country. They had not been trained mechanically and industry in the east did not attract as much as it does today. Then came the recession with its economic upsets. Through drought our production was greatly reduced. Our herds had to be destroyed. We had no industry. Unwise marketing policies lost us our markets. I refer to the famous phrase "blasting our way into the markets". Our people started to leave. During the second world war our men were given mechanical and technical training in the

armed forces. Those boys and girls not in the forces were attracted to eastern industry. They married and did not return. Upon their return from the war, our soldiers were absorbed in the industry of the east, for which they had been trained when they were in the army. In ten years we in Saskatchewan lost 98,000 people; that is, between the years 1936 and 1946. This was owing to unsatisfactory economic conditions caused by poor crops and lack of industrial employment due to lack of cheap hydroelectric power. Since 1946 we have regained 43,000 of our population; but once again manufacturing incidental to our defence preparations in the east is draining off our young and skilled people. The nature of our farming operations has changed and in this new mechanized age we employ fewer men. The disturbing feature of our agricultural situation today is that the farms are being operated by an older-age group who will leave no relatives on the land when the age of retirement is reached. What is the solution to this problem? The solution lies in irrigation and power development.

You will remember that in 1949, in the first session of this parliament, I spoke on the serious position that Regina and Moose Jaw found themselves in owing to lack of water. I explained the reason for this situation and outlined the measures which should be adopted to bring them relief. I am glad to say that my recommendations were accepted and that today the solution of that problem is in sight. With the irrigation and power development there will arise the important problem of soil conservation and water conservation.

You are aware that much of the poverty and desolation of the Mediterranean countries today is due to faulty soil and water conservation there in the past. As you come up the coast of the Mediterranean toward Tel Aviv you suddenly emerge from barren land and pass into a veritable paradise. This land has been reclaimed and put into productivity by irrigation. Today it is our duty to protect our land in Canada.

In southwestern Saskatchewan and in southeastern Alberta there is a large area which should have been retained for grazing; it was unwisely opened for settlement. This land cannot fully support the people now living upon it. The Prairie Farm Rehabilitation Act has helped considerably in solving this problem, but much remains to be done. As irrigated land becomes available, many of the people will be moved off this land to which I have referred, and the rest will be able to support themselves by being given a greater acreage to till and graze. Near Lethbridge there is one area where, owing to irrigation, the population has increased 250 per cent in twenty years; and Lethbridge today is one of the most prosperous communities in Canada.

Irrigation is no longer an experiment. It has been tried and found successful in Alberta and in some parts of Saskatchewan. The project in Alberta will eventually develop 1,750,000 acres and in Saskatchewan 750,000 acres. In addition, the Saskatchewan project will develop 400 million kilowatt hours of saleable electric energy per annum, sufficient hydroelectric energy to supply the present needs of the province.

The South Saskatchewan river development project has been under study and in the public eye for a number of years, and the time has now arrived when we should proceed with its construction. It is necessary for all concerned to give their earnest attention to the place of this project in the national economy of Canada, and to study the data collected on all phases of the project from which a decision can be reached. A report covering all phases of this project has been tabled. It has been compiled by experts.

Many public references are made on the failure of irrigation projects in the past. Private companies such as the Canadian Pacific Railway have pioneered irrigation over forty years and it is from these experiences and similar ones in the United States that many lessons have been learned. It is now recognized by most governments that the total capital costs of the project should not be properly chargeable to the land. Experience in Alberta shows that the farmer alone does not benefit from the investment. Transportation companies, manufacturers, processing companies, distributors and business generally enjoy in total far greater benefits than the farmer.

By arrangement between federal and provincial governments, it is usually accepted that the federal government should stand the cost of impounding the water and that the provincial government should stand the cost of its distribution. The provincial government has the opportunity of recovering part of its expenditures by charges for water. The federal government usually regains its capital investment through increased revenues. Over a period of thirty-five years in the United States the government has recovered its entire investment in irrigation.

The history of irrigation has made it possible to assess the value of any new project and before the construction is undertaken the following factors must be studied.

We must ascertain whether (1) the water supply is adequate. That has been well established, I think. The South Saskatchewan river, through its tributaries, collects the run-off water from a large part of the east slope of the Rockies. There is sufficient water there to supply to the United States its share, to irrigate all the land in Alberta and Saskatchewan that is available for irrigation and have sufficient left over to supply the water power to develop this 400 million kilowatt hours of electric energy that I previously mentioned. It would also act as a reservoir and feed down the Saskatchewan river enough water to increase the potential hydro-electric production at Fort à la Corne by a hundred million a year.

(2) We must ascertain whether the climate and soil are suitable to assure much higher productivity on irrigated land than on dry land; (3) whether the project is feasible from an engineering standpoint; (4) we must ascertain whether farm units are of a size for economical and efficient production; (5) whether the financial burden placed on the farmers is light enough to permit better land use and to promote enterprise; and (6) whether the markets are sufficient to encourage development.

The South Saskatchewan river project has been studied in the light of the above factors. It has had the benefit of the experience of other projects in Canada and the United States. There is no water conservation project in Canada that has been so fully studied. A complete set of reports has been tabled in the House of Commons. The facts have been analysed by the most competent technical and engineering experts in Canada. In addition, the best consultants have been employed in Canada and the United States. They include Major General H. B. Ferguson, retired United States army engineer, Washington, District of Columbia, consulting engineer; Dr. A. Casagrande, graduate school of engineering, Harvard University, Cambridge, Massachusetts, consultant on soil mechanics and foundation problems; Dr. J. A. Allan, consulting geologist, professor emeritus, university of Alberta, Edmonton, Alberta, consulting engineering geologist; and Dr. O. W. Israelsen, research professor of irrigation and drainage, Utah State Agricultural college, Logan, Utah, consulting engineer on irrigation and drainage problems.

In comparing the South Saskatchewan river project with Alberta and British Columbia projects, it must be remembered that the former is a multiple project of power and irrigation, whereas Alberta and British Columbia projects are mainly irrigation. Therefore, it is necessary to consider the South Saskatchewan river project on its merits.

In the report which was tabled all phases of this project were dealt with: climate, soil, engineering feasibility, economics of irrigation, power, recreation and other benefits. I am not going to review them tonight. The report has been tabled in the house and is available for the study of anyone who is interested.

The South Saskatchewan river project is in the heart of one of the driest parts of Saskatchewan. Its climate varies greatly and drought conditions occur periodically and cause tragic losses to the farmer, costly expenditures to governments, and the loss of purchasing power to business, both east and west. While these conditions occur periodically, yet this same area has produced hundreds of millions of dollars of wealth to Canada. This fact must not be forgotten. Therefore, it is in the interest of Canada to ameliorate the problems of drought and bring stability to agriculture. A reference to the situation in 1937 is a definite example: (a) Owing to drought it was necessary to ship into Saskatchewan over 500,000 tons of hay to maintain the livestock industry that year. This hay came from Ontario, Quebec and the United States and (b) shortage of grass and hay resulted in the forced marketing of over 480,000 head of cattle at ruinous prices, namely, one-half cent to one cent per pound. The whole livestock economy was upset. In addition, farmers lost their breeding herds and it has taken over fifteen years to build them up again.

With the development of the South Saskatchewan river project the drought problem would be greatly minimized and eventually we would have a permanent agriculture without the necessity of agricultural aid during drought periods.

The position can be emphasized further. In 1937, one crop district produced 600,000 bushels of grain, yet in 1942 the same crop district produced 92 million bushels of grain. Such a contrast is unbelievable. Yet this same area over a period of thirty-five years has produced an average of 40 million bushels per year. These facts in grain and livestock production point out the necessity of insurance against drought.

In order to develop this irrigation project, a dam must be built at Elbow on the South Saskatchewan river and a second one at the third meridian in the Qu'Appelle valley. The reservoirs thus created would extend 140 miles back in the Saskatchewan river and

thirty miles down the Qu'Appelle valley. The powerhouse and spillway would be in Coteau creek. The use of power thus made available for industrial development of primary products will provide a great impetus for a more balanced economy.

The total cost of $102 million does not mean that all this money will be spent in Saskatchewan. At least half of it will be spent in Montreal, Toronto, Winnipeg and Vancouver, where equipment and supplies are manufactured.

I want to review something of the employment that this project will give. In total there will be 26 million man-hours of on-site labour used during the period of construction. That means that in actual labour on the project it will provide employment for 1,500 men for a 200-day period per year for over 10 years. It is recognized that labour is required for defence construction now, and it may be said: defer the project construction until this need is met. The obvious answer is that for the first two years of construction little labour will be required in the preparatory stages. These two years of preparation are necessary in order to meet conditions when maximum work can be done in one year. The work can also be made flexible enough to shift work according to conditions. The two years of preparatory construction are essential in order to avoid delays at a later time. The same conditions apply to off-site labour in relation to industry. In other words, it would be a fallacy and poor business to delay construction until defence requirements are met. No nation can go wrong in developing and improving the productivity of the primary resources of land and water. Food is next to guns and ammunition and anything that is done to improve food production is a benefit to the nation. Production of food for export will eventually have to pay for the guns.

This project will not require essential war materials as the dam is to be constructed of earth. Much of the machinery needed for its construction is now in use on other projects in western Canada.

In closing, Mr. Speaker, I should like to pay tribute to Dr. Thomson, director of the Prairie Farm Rehabilitation Act, and his able staff of engineers and consultants, from whose reports I have drawn heavily in the preparation of this address. I would ask the government and all hon. members earnestly to study the evidence which has been tabled, so that they may satisfy themselves as to the necessity and urgency of this project.

I would ask hon. members to consider the desirability of stabilizing the economy of a province which, in the past, has attracted, developed and given to the service of Canada parliamentarians such as Nicholas Flood Davin; Mr. Motherwell, former minister of agriculture; Mr. Dunning, former minister of finance; Right Hon. J. G. Gardiner, Minister of Agriculture; such legal minds as Mr. Justice Turgeon, Mr. Justice Martin and Mr. Justice Brown who have served so often and so well on many important commissions; such representatives in external affairs as the same Judge Turgeon, and the incomparable Judge T. C. Davis; such engineers as General Andrew McNaughton, of our international joint commission; Dr. C. J. Mackenzie, chairman of the national research council; such medical men as Dr. George Ferguson, whose pioneering work in the field of tuberculosis has brought health to thousands of our people and fame to this country; the late Dr. Blair, who contributed so much to the treatment of cancer, and whose cancer clinics in Regina and Saskatoon are models of their kind.

I would suggest that if there still remain some doubts in the minds of the government as to the necessity and feasibility of this project, they seek the advice of some of the men I have just mentioned.

Mr. W. G. Blair (Lanark): Mr. Speaker, the speeches this afternoon in the debate on the budget were devoted mainly to financial matters. I intend to introduce a new subject tonight, the consideration of the great dairy industry of Canada.

However, before entering upon the subject of my speech, for the information of the house I should like to read some of the propaganda that I found in an old pamphlet put out sixty years ago by the dairy people in the Department of Agriculture. Some of the expressions we may consider peculiar, but I think they will be found interesting. The pamphlet deals with the export of cheese, and goes on to say:

> Exports of cheese from Canada exceeded in value total exports of cheese from the United States. Soil, climate, cattle, transportation facilities in Canada are admirably adapted for the prosecution of successful dairy farming.
>
> The dominion government has established experimental dairy stations in different parts of Canada, and the provincial governments manage travelling dairies and dairy schools for the education of those interested in that branch of farming.
>
> There are over 1,500 co-operative cheese factories and creameries in Canada. In most of the provinces there are excellent opportunities for intelligent farmers with some means to make dairy farming pay well.

And hon. members will note the reference to "some means".

There are great areas of unoccupied fertile land in the Canadian northwest and in the older provinces of Ontario, Quebec, New Brunswick, Nova Scotia, Prince Edward Island, Manitoba and British Columbia. Improved farms can be purchased in the neighbourhood where all the snug conveniences of life may be enjoyed.

That was the propaganda sixty years ago —the mention of the snug conveniences of life.

Free farms of 160 acres can be obtained in the Canadian northwest. For information apply to the Department of the Interior, Ottawa, Canada, or to James Anderson, suite 509, Stock Exchange Building, Chicago, Illinois.

I like that homey expression about the snug conveniences. Tonight I am going to discuss the dairy industry of Canada as one might find it in my own county, the county of Lanark. I am well acquainted with the farming district in the county of Lanark, and a large part of that county is peculiarly adapted to dairy farming.

Lanark has been recognized for years as an important centre in the dairy industry in Canada, especially in cheese production. The land is suitable for this type of industry. It has large areas of pasturage, well watered, and has fertile valleys capable of raising crops for the winter feeding of stock. For over sixty years Lanark has been closely associated with the production of cheese, especially cheddar cheese for export and for domestic consumption.

Cheese is produced mainly in the months from May 1 to the middle of November, and factories are closed during the winter months. There is practically no winter cheese manufactured during the winter season. Dairy farming is an occupation which requires long hours of hard work—not even a six-day week. Even on Sundays the cows must be milked and cared for; milk must be pasteurized and cooled in order that it may reach the market in good condition the following day.

Not only that, the dairy herd requires constant care and supervision and it takes years to build up a good dairy herd and to secure high production. But there is another fact that is very apparent, and that is that better breeding has lessened the immunity to diseases of cattle, such as tuberculosis, and so on, and has left the high-grade herd owner liable to serious financial losses, if his herd should become infected. In addition to the purchase price of high-producing dairy herds, there is the cost of maintenance of equipment, barns, silos and so on, as well as labour. The overall cost of production makes dairy farming an expensive proposition.

Dairying is one of the most important industries in Canada. Almost 450,000 farmers are dependent upon the receipts from the dairy industry as a source of income. The industry provides two million Canadians with either all or part of their livelihood, and this includes those engaged in the production, processing and distribution, as well as those supplying various services and equipment. It contributes more than $600 million annually to our national commerce. As a source of income, the products of dairy cattle rank first in farm income. In addition to milk and its products, 40 per cent of the beef and 60 per cent of the veal consumed by Canadians are products of dairy cattle. Food is of course the main product. Bottled milk, butter, cream, cheese, ice cream, powdered milk, evaporated milk and many other types of food are provided by the dairy herds. Health authorities point out the value of dairy products as one of the most essential foods.

Dr. L. B. Pett of the nutrition division of the Department of National Health and Welfare has stated that no type of food is more important to health and good nutrition than milk products, and that no type of food will receive greater emphasis in the future of Canada and the rest of the world. Milk is regarded as the perfect food. Nutritionists point out that dairy products supply 81 per cent of the calcium required for the human body, 57 per cent of the riboflavin, 17 per cent of vitamin A and other equally important vitamins. One pint of milk per day will provide an adult with 93 per cent of the minimum requirement of calcium, 83 per cent of riboflavin, and high percentages of other necessary vitamins. The Canadian housewife spends 20 cents of every dollar for milk and dairy products, but in return she gets more than one-third of all the nutrients she feeds her family.

I was rather pleased that the hon. member who preceded me brought up the question of conservation because conservation is closely associated with the dairying industry. We are now spending millions of dollars each year on conservation and we are constantly being warned about exhausting our soil and water and so on. Two years ago this house passed a bill dealing with conservation, while in Ontario a select committee of the legislature brought in an important report after it had studied the matter for months.

This is a most important subject which covers a wide range. It has to do with the control of rivers and streams and the building of dams; it has to do with replanting trees which have been cut from our hillsides and

forests, but the important part of conservation is that concerning the proper use of the soil because so many things are dependent on it. A million dollar dam will be of little use if the soil is eroded and the rivers and lakes fill up. What was formerly good farming land will then become desert and will have to be abandoned as far as agriculture is concerned.

I said that there was an important relationship between conservation and the dairying industry. The raising of livestock provides the best and cheapest method of putting back into the soil most of the good which the raising of crops has taken from it. Good dairy farms do not become worn out and useless. A well balanced dairying program returns the refuse from the dairy barn to the land, plus the necessary commercial fertilizer. A competent dairy farmer keeps up the fertility of his land; he builds up his land, he does not destroy it.

It is interesting to note that after years of cropping a pasturage will not likely have those ingredients which will provide the quantity of mineral foods and vitamins which are necessary and which may affect the health of our population. There is no use talking conservation if we allow farmers continually to crop off their land, to cut down their wood lots in an effort to make a living for their families, without restoring and revitalizing the soil. Such a policy is little short of national suicide.

The place to start organizing conservation is on the farms, and the way to do that is to do something to stop the water running off the fields, to conserve moisture and to prevent erosion which is constantly increasing. In order to do this we require first-class farmers with up-to-date methods. You cannot expect a discouraged farmer to practise this kind of farming. As I have said there must be a healthy dairying industry in order to preserve the land. This dairying industry should not be made up of discouraged farmers. It should be an industry which will give an adequate return for the investment; it should be an industry which will stop soil exhaustion and thereby aid soil conservation.

The link between the dairy industry and conservation cannot be too strongly emphasized. One cannot expect under present-day conditions that the dairy farmer will show much interest in conservation. He is much more likely to mine his soil to the limit in an effort to produce as cheaply as he can, and then when the soil is non-productive to move on to some other land or into the town or city where we have our program of development and industrialization. Factory wages and shorter hours will look more attractive to a chap when he is discouraged with prices and competition.

In the long-term view we can therefore visualize abandoned farms unless there is a future for the dairying industry much brighter than exists now. It is possible to see abandoned farms in Ontario at the present time. I am sure that many hon. members have been in localities in Ontario where farms have been abandoned.

I come now to some of the factors which adversely affect the dairying industry. It is true that the farmers have a high-priced market for their export milch cows. During the past year approximately half a million live cattle were shipped to the United States, an increase of 40,000 over 1949. It is true that there are high current prices for almost everything that can be turned into hamburger meat. At one time the dairy farmer looked on the raising of cattle as a side line, but now the situation is reversed and most farmers look on milk as a side line. They are selling many of their calves, heifers and older animals. It is a poor calf that will not bring $35, and even an old bull will bring $400 or $500 for hamburger meat. He can sell any kind of animal that is considered to be beef at what were hitherto unheard of prices.

The export market for purebred dairy animals, even the poorest, has been exceptionally good. The net result is that the man raising dairy cows has not had to bother too much about his milk cheques. It is paying him more to let the calves run with the cows than send his milk to the manufacturing plant at something over $2 per hundred pounds, which was the 1950 price for milk used in the production of cheese and butter. The farmer has to live and he certainly cannot with what he gets from his milk. On the average farm this price means keeping four or five cows for a whole day in order to get $2. If a farmer has no other revenue he would show a loss in his books for last year's operations.

It is interesting to note some of the figures obtained as a result of a cost of production survey carried on by the Ontario department of agriculture in connection with the dairy herd improvement association. These figures were given by Dr. H. R. Patterson at the Ontario cheese producers meeting in Toronto last January. The experiment was carried out in Lanark county.

The figures show that between May 1, 1949, and April 30, 1950, the average dairyman in the Lanark association lost $147 on his milk production. The association is made

up of twenty-four members, of whom twenty-two are cheese producers. The average production per cow in the twenty-four herds which average eighteen cows each was 7,675 pounds of milk. This accounted for those cows which were milked for ten months or longer. The average total revenue from milk was $3,052, while the cost of production totalled $3,199. The average cost of producing one hundred pounds of milk was $2.83. Dr. Patterson stated that the results showed that labour and feed costs made up from 75 to 80 per cent of the total cost of producing milk. The average man-hours required to produce a pound of butter was 0·4 hours.

In this survey by Dr. Patterson he allowed the farmer 50 cents an hour for his work. This is less than what the most unskilled labour any place in Canada would receive. He pointed out one peculiar fact which came to light in his survey. That is the amount of pasture which was available. This shows that all the pastures are not being utilized for dairy purposes, or even for the purpose of raising stock, when there is so much land available for it.

I come now to the matter of competition from other products affecting the dairy industry, and I refer especially to margarine. Let there be no misunderstanding. I am not unaware of the high prices paid by consumers for foodstuffs in Canada, nor do I blame any householder for purchasing margarine as a substitute. In view of the high price of butter you cannot blame the householder for buying margarine. I admit the food value of margarine as a spread under these conditions. Any criticism of this dairy substitute is apt to draw a barrage of words by way of letters to newspapers and editorials with the usual remark—

Mr. Harris (Danforth): It should carry a tax.

Mr. Blair: —namely, why should the Canadian people be deprived of this nutritious product? Very few of these people have any knowledge of or experience in the dairy industry. They seem totally unaware that the industry provides work for two million people. I am also aware of the fact that Canadian farmers are purchasing margarine. It is not my intention to enter into any argument regarding this product as a food, but rather from the economic standpoint. The vegetable oils used in the main products which are replacing Canadian dairy products—

Mr. Cruickshank: And whale oil.

Mr. Blair: —are almost entirely of foreign origin. The water—and I learned that water forms a substantial part of some of these products—and the salt are Canadian. It is also true that we might be able to build up a Canadian-produced oil industry from soya beans, rape seed or sunflower seed, but we know what it costs to produce oil this way. Few farmers would be foolish enough today to turn over a large acreage to these products, and at the same time have hanging over their heads the constant threat of further price reductions in foreign and more cheaply produced vegetable oils.

We must remember that the duty on edible oils produced within the empire was reduced from 13 per cent to nil about a year ago, and this is not the end. An application before the tariff board to hear an appeal launched by Canada Packers against a ruling of the Department of National Revenue has been postponed. That hearing was to be held on the 12th of March. The hearing concerns the fact that processed cotton oil and soya bean oil shipped in mixed loads in tank cars are dutiable at 20 per cent ad valorem but raw oils are subject to 10 per cent a ton. As I said, the hearing has been postponed, but it would indicate that the manufacturers of margarine are not willing to process these oils in Canada and want to bring them in already refined.

At the time parliament removed the duty on edible oils coming from empire countries there was little reaction from the dairy industry. At that time margarine was made from cottonseed and soya bean oils imported from the United States but in the last nine months of 1950, according to reports of the dominion bureau of statistics, over five and a half million pounds of coconut oil used in margarine were imported. In 1939 this type of oil could be purchased for 6·1 cents per pound.

Kreamy Wip is a new product being produced in Canada which is sold largely to the baking trade. It has a vegetable oil base, with possibly some skim milk or skim milk powder added, but no natural cream. This product has replaced hundreds of thousands of quarts of medium cream yearly, and for some dairies that means quite a high percentage of all the cream formerly sold. The product is being used by the baking trade to replace whipped cream used in such things as cream puffs, topping for pies, cakes, et cetera. This means another big market has been lost for milk producers. The oil product sells at a little more than half the price of natural cream.

In a few cities in the United States they allow a product to be sold today that resembles milk and is sold to replace it, but which is actually only skim milk fortified with vegetable oils to replace the cream which has

all been removed. This product replaces whole milk for drinking. In many of the states vegetable oils are allowed to replace natural cream in ice cream mixes. It does not seem fair that Canadian dairymen should have to meet this type of competition. I should like to give you a set of figures which are authentic. I obtained them from the national dairy council, and while there may be some small changes I believe they are correct. The first has to do with the butter production in Canada. The table is as follows:

Total Butter Production in Canada
(000's lbs.)

	Creamery	Dairy	Total
1948	285,629	62,845	348,474
1949	279,805	52,852	332,457
1950	262,500*	50,000*	312,500*

* Estimated.

Mr. Gardiner: Are these figures pounds?

Mr. Blair: These figures are thousands of pounds. Butter production in Canada in 1950 was nearly 36 million pounds lower than in 1948. Now we come to the consumption of creamery butter in Canada. The figures are as follows:

Consumption of Creamery Butter in Canada
(000's lbs.)

1948	305,553
1949	260,034
1950	276,959

Consumption of creamery butter in Canada in 1950 was nearly 30 million pounds lower than 1948. Then I come to figures dealing with farm cash income from dairying in Canada. The table is as follows:

Farm Cash Income from Dairying in Canada

1948		$386,553,000
1949		350,010,000
1950	(estimated)	323,993,000

That is as close as the figures could be obtained. Farm cash income from dairying in 1950 was $62·5 million less than in 1948. Then I come to margarine production. The figures are as follows:

Margarine Production

1949	73,958,000 lbs.
1950	94,032,000 lbs.

I wish to remind hon. members that there are two provinces in Canada where the sale of margarine is not permitted. Then I come to margarine consumption. The figures are as follows:

Margarine Consumption

1949	71,946,000 lbs.
1950	93,648,000 lbs.

Consumption of margarine in 1950 increased 21·7 million pounds or 30 per cent over the 1949 total. Now we come to the total production of milk in Canada. The figures are as follows:

Total Production of Milk

	million lbs.
1948	16,730
1949	16,789
1950	16,345

That is down 2·7 per cent but it amounts to nearly half a billion pounds. One cannot help but draw certain conclusions from a study of these figures. The effect of foreign vegetable oils on our Canadian economy cannot be considered as an immediate problem alone. The end of it is not in sight. It constitutes a permanent threat to the Canadian dairy industry, and I cannot see that the industry can control this threat until such time as we decide to exercise control over this unfair competition. Consumers and organized labour and its leaders should give consideration to this whole matter of dairy substitutes. It must be conceded that there is an appeal in cheap food in this time of high living costs; yet should we accept the policy of cheap food at any cost? Should we demand cheap food and cheap dairy products at the cost of jobs and unemployment.

One must take the long-term view of this matter. There seems to be an attitude on the part of some people of not wanting to compare the prices of dairy products with those of other commodities. High prices do exist in other commodities, both foods and manufactured goods, and they cause hardship; but dairy products are expected by the public to be sold at levels lower than those of other commodities. We must remember that the 350,000 to 400,000 dairy farmers, together with their families and all the people from whom they buy, consume large quantities of manufactured products. We cannot afford to have the income of that large group of people so reduced that their buying power will be impaired. We frequently hear it said, even by some in the dairy industry itself, that this industry should adjust its prices to meet this type of competition, that is, to meet competition on a price basis and fight vegetable oils in that way. Under present conditions this is utterly impossible. The present mark-up, wholesale and retail, of profits on vegetable oil is five or six times as high as on dairy products. It would be possible for the vegetable oil manufacturers to reduce their prices considerably and still make a profit. If dairy farm producers tried to meet this competition on a price basis their income would be so reduced that within a few months we would have serious unemployment in that industry. Under present conditions the producers of milk and cream, as

a group, are expected to meet the competition of the lowest priced foreign products. Our fiscal policy should be based on protection for Canadian workers against lower priced goods from other lands. If workers in other industries were asked to produce at prices which would compete with goods from all other countries, many of our largest industrial plants would be put out of business. Workers in other industries are asking and getting higher wages and tariff and other protection, but the dairy farmer is expected to meet foreign competition.

This brings up another interesting point, the question of monopoly. One great company, with ramifications extending all over the world, is dominant in the world's edible oil industry. That company has plants in Canada, and is very much to the fore in the vegetable oil and margarine field. It can bring these oils by ocean-going tankers into the very heart of our manufacturing centres. It can buy them in the cheapest markets where they are produced under conditions we would not tolerate in Canada. At present it can bring quantities of these oils into Canada without having to pay any tariff whatsoever. If the price of United States oils, which are being used so much at present, gets out of line with the oils from empire countries, this firm would be in a position to dominate the Canadian edible oil industry and could dominate the great Canadian dairy industry on which hundreds of thousands of Canadians are dependent. This is one situation to think over when we hear so much talk these days about monopolies.

There are certain questions which come to mind when we give consideration to this question. How much employment does the whole margarine industry give to Canadians? What has become of the promise to use Canadian-produced oils? What effort is being made to interest farmers in growing the necessary plants? When this issue was debated in the Senate one of the great talking points was the establishment of a new industry for Canadian farmers. How is this going to end? What is going to be the ultimate effect on the dairy industry? Are we going to accept the position of an importing country in the world in so far as dairy products are concerned?

According to the brief of the federation of agriculture, recently presented to the cabinet, milk production is down about 8 per cent in the past five years. This amount is something more than would have been exported before it could be assumed that Canada is self-sufficient in dairy production. In the meantime the Canadian population has increased by about one and a half million persons, with the result that Canada, which is now a dairy product importing country, brought in some seven million pounds of cheese, five million pounds of butter, and considerable quantities of milk powder. It does seem a disgrace that Canada should be importing dairy products.

There was a time when the making of cheese for export was a great industry. Now we even import cheese. Some six or eight million pounds of New Zealand cheese was imported in November 1950. This was sold at 34 cents to the processors, or several cents more than our home-made Canadian cheese. Importers claimed that New Zealand cheese was required for processing as a result of government buying policy. Stocks of new Canadian cheese were abnormally low. Cheese was requisitioned in Canada for British export, but we could not fulfil our bargain. It is difficult for Canadian cheese producers to understand why their product was requisitioned at 28 cents and New Zealand cheese was brought in to retail at a higher price. About 70 per cent of all the cheese eaten in Canada is some variety of processed cheese. The processed cheese firms, many of them subsidiaries of large American firms, have obtained a hold on the market in Canada. They buy cheddar cheese at the domestic market price, or in the case of the New Zealand cheese at 34 cents, grind it, heat it, add some color, then sell it in packages for 65 to 70 cents a pound. The sales of processed cheese were high, and it was a case of cutting sales or buying new cheese outside of Canada. Certainly if the export price of cheddar cheese is not better than last year, there will be little for export.

Before the Easter recess we had a debate on the wheat contract and the government saw fit to reimburse the western wheat growers to the extent of $65 million. I point out that other branches of agriculture have also suffered under similar circumstances. It would seem only fair that they also should receive compensation. Ontario and Quebec had millions of pounds of cheese requisitioned at prices below those of the United States at the time. The producer was deprived of his domestic market and the requisitioned price was below the cost of production. The producer had no option but to sell to the government. When discussing the further amount payable to the wheat farmers the Prime Minister (Mr. St. Laurent) said in the debate that the wheat farmers had "expectations". Apparently the cheese producers, after producing at a loss, were not considered to have "expectations".

Our cow population is almost half a million less than in 1945 according to the dominion

bureau of statistics, but Canada's population has increased by a million and three-quarters since 1945. The human population has increased and the cow population has decreased. Prices paid by farmers in Ontario for feed have increased. Higher feed costs, higher wages and shortage of help on dairy farms, competition from cheap foreign oils, low prices for dairy surpluses, all are forcing the farmers to cut down production. Lack of production is now forcing upward the price of products like butter.

Then again, there is the episode of the New Zealand butter. Under the ruling of the government approximately five million pounds of New Zealand butter was imported for the Canadian market. This butter was priced at 56½ cents per pound at seaport, while the floor price of butter was 53 cents per pound. This is another matter of difficult competition for Canadian dairymen. But when, owing to shortages of butter, the price per pound reached a high of 82 cents, the price of margarine was raised without any reason or provocation whatever. The Canadian consumer suffered at the hands of the interests controlling margarine. And yet we have in Canada a great dairy industry unable to support its own domestic needs or unable to fulfil an export contract which is a skeleton of our former export trade.

We are now building up our defences against the danger of communist aggression, and we must organize our economy so that we can make the greatest possible contribution to the Atlantic pact. It is just as important that agriculture be organized in any campaign for preparedness or actual war, as it is that there be organization of manpower and industry. This was proved in the last war when Canadian agriculturists produced food for the allies, and it was one of the outstanding features of our war effort. Even then, when controls were first instituted, the price of farm products was not on a level with that of other commodities.

Conditions have changed since 1939. Then there were surpluses, manpower problems, and prices were depressed. Farmers were anxious to get into high production. It was simply a matter of telling farmers the requirements and to fix their prices. The result was that in the ten years from 1939 to 1948 we exported food products to help feed our army and our allies. We exported over a billion pounds of cheese, half a billion pounds of evaporated milk, over six million pounds of milk powder, and practically supplied the entire British ration for bacon. We exported nearly seven hundred million pounds of bacon in 1944 alone.

If we had kept up such exports after the war, to help relieve famine in Europe and Asia, we might not be in the position in which the world finds itself today. Hungry people are open to the propaganda of communism.

What is the position of agriculture in 1951? With the single exception of wheat we have no surpluses of food. It would require a tremendous amount of reorganizing to start to feed our allies, in comparison with the situation in 1939. In one year alone, 1942, we sent Britain 150 million pounds of cheese. It is doubtful if we could send 35 million pounds this coming year. There is no available manpower for farms, and dairy farmers require men who have had some training in the occupation. Surplus cattle, and surplus hogs, on which to start building, do not exist. Owing to the demand for export cows, and the high prices paid for meat, our stock has been depleted. Inflation has priced our products out of the market. Cheese and milk producers cannot produce at a world price and live and buy at inflated prices in Canada.

I remember an interview that the Minister of Agriculture (Mr. Gardiner) gave to the Canadian Press when he landed in Montreal after his last trip to England, in which he stated that he cannot conceive of Britain offering prices high enough to stimulate extra production. He stated that the British would like to buy Canadian products but that they are not willing to pay the current domestic market prices in Canada and the United States.

In the event of war, the food production in this country would be in a deplorable state in relation to that which would rightfully be expected of us as a member of the Atlantic pact. If we attempt to plan anything like the amount of food required in the last war, much reorganization will be required before it can become available. It would require two or three years before cows could produce milk products, and hogs for bacon could be provided. This brings us to two alternatives. Are we going to start now in the hope of getting necessary production in two or three years, or will it be necessary in the event of war tomorrow to commence rationing and to reduce the standard of living at a time when we are calling for our greatest effort?

Under the Atlantic pact I believe that one of our greatest contributions would be food. In any war, or preparation for war, full production of agricultural products rates in importance with guns or aeroplanes. As part of our defence plans of the future we cannot afford to let the great dairy industry deteriorate, but it must be maintained as a great national industry providing employment and food for our own people and for our allies.

Mr. W. F. Carroll (Inverness-Richmond): Mr. Speaker, I do not intend to spend much time on the budget proposals as such. Everybody knows why we are greeted with a budget asking for higher taxation. As every person knows, that higher taxation is to be applied to our defences, in order to preserve peace in the world. I do not think there is anybody either within sound of my voice or across the broad dominion who is not pleased with the present government for having done what they are doing in the matter of defence and economic planning.

I want to say that the criticism made by the hon. member for Greenwood (Mr. Macdonnell) was moderate and fair, as was also that of the leaders of the other parties. One thing about which some of them were perturbed was that in their opinion we were asking for too much, that we were asking to impose taxes that would give us $200 million or $300 million of a surplus this coming year. I would hope that it would be better for the Minister of Finance (Mr. Abbott) to budget for a surplus than for a deficit; because if anything should happen, we shall have the money to spend, and I myself have confidence that the minister will spend this surplus, if there is any, to the advantage of Canada.

All those who have spoken congratulated the minister on the work he put on the budget and the wonderful presentation he made. One of the leaders—and I think it was the leader of the Social Credit group—almost came across the floor of the house to hug the minister; and he thereby brought forcibly to my attention the old saying, "beware of the Greeks when they bring you gifts." If the minister knowingly and consciously did the things of which he was accused by the leader of the Social Crediters, he should not be loved or admired, and it should not be said that he is a good minister of finance. I am not going to congratulate the Minister of Finance on the budget. We on this side of the house knew that he would give us a good one. I do not think it is a place for congratulations at all; because everything the Minister of Finance does in the realm in which he is working is always good; and I do not think we should pick out this one particular thing on which to congratulate him.

As I said, the higher taxation of this budget is for the purpose of Canada's defence in order to avert war. The question arises here, and different opinions have been expressed by the Minister of Finance and those on the other side of the house who criticized the budget, as to the effect the budget is going to have on inflation. It is a question which is worthy of consideration and worthy of argument. So far as I am concerned, I am willing to adopt the opinion of the Minister of Finance in regard to inflation and what effect the budget will have on inflation. Nothing definite can be said about it on either side.

There are of course many theoretical economists in the country today who bring forth various ideas which are sometimes dreamy, sometimes hazy and sometimes without a real basis of foundation. I always think that we should abide by, live up to and try to follow the natural laws of economy rather than be led away by the theoretical people whose ideas have never been put into practice and who do not know what the result may be in the end. That is all that I am going to say on the budget as such.

A great deal has been said by the public and in this house to some extent about the situation in my native province of Nova Scotia. For years and years, up to about fifteen years ago, we in Nova Scotia blamed all our ills, or many of us in Nova Scotia blamed all our ills and all of our depressed areas, on the fact that we had confederation. There is no more distorted argument that could be made than that any of our ills were due to the fact that we entered confederation. There was a political propaganda started in Nova Scotia before confederation became a fact. It was followed up after confederation became a fact, and by very able men who prejudiced the minds of the public and the minds of the mass of the people of Nova Scotia against confederation. They succeeded in doing that; they succeeded in advising the people of Nova Scotia that confederation was no good to us; that it was better for us to get out of the country; that we could get nowhere because we would be overwhelmed by Quebec and Ontario.

This was purely political propaganda, Mr. Speaker, because the man who took the greatest part in the leadership of this propaganda was one of the men who first talked about the confederation of the British provinces in North America. And strange to say, after a few years, men of that calibre who had decried confederation and advised the people of Nova Scotia not only to get out of confederation but to leave the province, accepted high office in the government of Sir John A. Macdonald. After a time this prejudice seemed to become subdued, but in 1883 an election took place in Nova Scotia, and that election was on the issue of confederation, to get away from confederation, to make us a separate government entity in this country, in other words secession. The election was won on that basis. After the election nothing was done about it of course,

and the gentleman who won the election afterwards came to this house as minister of finance in a dominion government, and a very able minister of finance he was. Still, down the years there was that same preaching amongst certain people in Nova Scotia against confederation, and it is only a very few years ago that the people of Nova Scotia made up their minds that they had enough of this stuff. They made up their minds that they were a people who would get along well in confederation, and there has been a wonderful change in the province of Nova Scotia in the last twenty or twenty-five years in that regard.

It is said that one of the results of confederation is that it took away from us our industries, our banks and so on and so forth. There was a movement of the banking institution of this country shortly after confederation, but it did not take away the banking institutions from the province of Nova Scotia. As a matter of fact, in every village, in every small town in Nova Scotia today we have branches of the various banking institutions of this country.

Then they say that it took away our industries. No, confederation had nothing to do with taking away our industries. Some industries were built in Nova Scotia before confederation. When confederation came the people who owned those industries saw that they could sell their stock in those industries, close up the industries and get their capital back, plus a splendid profit. That had nothing to do with confederation. It was the selfishness of our own people that caused this change in the industries of Nova Scotia.

Then, they talk about the days of the wooden ships and iron men. Yes, we had a wonderful shipbuilding industry in the province of Nova Scotia. The ships that were built there traded in the markets of the world, and it was a splendid outlet; but the time came when the people who were instrumental in building up these institutions, and many of them making fortunes out of them, did not have the vision, the foresight, to see that the end of wooden ships was at hand and that henceforth they would be made of steel. They did not have the vision and the foresight to see the trend of the time, of sails giving way to steam. The very first ship that crossed the Atlantic under its own steam was built in Montreal. I think it was called *Prince William*.

They put their money in their socks, or in some other place. They did not re-invest it in anything, and their children, their grandchildren and their great-grandchildren no doubt are having a fairly good time on it today.

A moment ago I mentioned those who were interested in industry in Nova Scotia selling out their industries for their own selfish purposes, because they were getting their capital expenditure plus a very good profit. The industries were taken over by competitors in the central provinces. I should like to point out to you, Mr. Speaker, and to the house, the fact that there are some industries in Nova Scotia. There were some men in Nova Scotia who were true to their province, who had the welfare of the province at heart. I have only to look across the floor of the house—and I am not sure that he is now in his seat—to see the hon. member for Colchester-Hants (Mr. Stanfield) whose father and grandfather built up in Nova Scotia one of the finest and one of the most competitive industries in Canada.

If the other people who are engaged in industry had done the same as those who were engaged in that splendid industry at Truro—and I am referring to the Stanfields —we would not be complaining today about having no industries in Nova Scotia. I am bringing those facts to your attention, Mr. Speaker, and through you to the house, to indicate to hon. members and the country that I at least do not think that confederation injured Nova Scotia. I do not think that Quebec and Ontario stole anything from us. But I do think certain people in Nova Scotia who decried confederation for years did discourage the inhabitants of that province from trying to do anything for themselves.

Something has been said in this debate about decentralization of industry; much has been said both in the east and the west about that same subject. If in Canada today we have a defence industry, then I am all for spreading it around, both to the east and to the west, when the work can be done as well and within reasonable reach of the manufacturing price in central Canada. I say that under those circumstances it should be distributed both east and west. But I for one think it is an absolutely wrong idea, an impossible idea, to urge decentralization of industry as such, outside the defence industries.

There is only one party in the house that can discuss logically this question, and that is the C.C.F. I am not saying they are right or that they are wrong. The only political party in the house whose object is to nationalize our industries is the C.C.F.—and again I am not saying they are wrong. Indeed I expressed some very bold opinions some years ago on that very subject. But they are

the people who can talk about the decentralization of industry, because if they came into power they are the only people who would put into effect the methods by which industry could be decentralized. I am not criticizing them for that at all; I have nothing at all to say about it.

But when I hear a good Liberal or a good Conservative, or a bad Liberal or a bad Conservative, talking about decentralization of industry in this country, then I say they are talking against their own better judgment, and talking in favour of a thing they would not dare talk about outside the political realm.

How can this thing be brought about? At the present time and under our present conditions in Canada, it is just as well to talk about striking the rock of Gibraltar and knocking it into the sea with a pebble as it is for this government to talk about the decentralization of industry in Canada. Why? All industries in Canada are within the jurisdiction of local legislatures; and until the dominion government, either on account of war or for some other reason or because of the coming to power of the C.C.F., takes that power, there will be no way of decentralizing industry.

It is said that a good friend in Ontario—I believe it was the premier, who is a splendid type of Canadian—made a statement at a dominion-provincial conference to the effect that it would be a good thing if that conference, as part of its work, would consider ways and means of bringing about a more evenly distributed industrial development. Well, about two weeks after Mr. Frost made that statement there was sent abroad in this country, to the United States and to England a booklet showing an ambitious program of the Ontario government. No one blames them for that. It indicated what marvellous industries they have in that province, what marvellous opportunities there were for new industries, and stood as an invitation to all and sundry who wanted to start new industries to do so in Ontario.

I do not know whether the premier of Quebec has made comment about decentralization of industry; but, whether he did or not, certainly they are not showing much effort along that line in that province, because today they are advertising to the world their waterpower facilities, their labour and everything else they have, in order to get new industries. So much for that.

We have a splendid steel industry in Sydney, with ramifications throughout the country. Up until four or five years ago it is my humble opinion that that industry was not giving the service to this country it should have been giving, by way of fabrication of small steelware and the like. I believe at the present time however that the management of that industry, presided over by Mr. Forsyth, who is an ambitious Canadian, a progressive Canadian, and a Canadian who wants to do the best for Nova Scotia and the industry with which he is connected, will bring about a condition whereby we may expect better things. Today and for the last year they have had all the orders for raw steel they wanted, and all they could fill. I noticed some time ago, in a Canadian Press dispatch, where the president of that organization had said that plans were under consideration for the expansion of finished steel products facilities, and made the further statement that such plans required a lot of technical study before one could talk in terms of specific undertakings. It is too bad those technical studies were not made ten or fifteen years ago, rather than at this late date. Personally however I have absolute confidence in the Dominion Steel Corporation of today, so far as its management is concerned. I know they will do all they can to bring to the forefront and to improve that steel industry. An organization representing the steel workers and the coal miners came to see the government some time ago and I hope pointed out to the government some of the things that might be done in the way of fabrication of steel by the Dominion Steel Corporation.

A day or so ago I had something to say in this house about the establishment of a steel plant upon the shores of Canso strait. After I went out of the house a friend of mine, not from Nova Scotia, said, "Bill, you must be crazy." I said, "I don't know, I think perhaps I have always been crazy." As an example of my insanity he referred to my suggestion to establish a steel mill on the shores of Canso strait. I was not crazy, although it may be a dream. I am not asking the government to build this steel plant; all I am asking is that they give it the same assistance that they gave to other steel plants in the basic stages. Between Point Tupper, the terminus of the Canadian National Railways, and Port Hawkesbury there is in my humble opinion—I am not an industrialist, I am not the son of an industrialist nor am I the father of an industrialist—the finest site for a steel mill that can be found in Canada, if not on the continent.

Why do I say that? The strait of Canso is 600 miles from Seven Islands, which is the terminus of the railroad from the Ungava iron ore field. That is over 750 miles from Montreal, and as you go along the St. Lawrence it is further still. Unless the St. Lawrence waterway is built overnight I would think that the iron ore boats from Seven Islands to Montreal or further up will have

a hard time navigating the river. There is all kinds of deep water in the strait. There is an absolute supply of good coal from which could be generated the power to operate the steel mill. The other facilities necessary for an iron mill are available.

There is open water all the year round on the south side of Port Hawkesbury right through to the Atlantic. We would be close to Saint John where they are fabricating steel today and it would be nearer than any other point I know of to Toronto, Montreal and Hamilton which could be reached during the season of navigation. It would be close to the fabricating plants along the Atlantic coast of the United States, especially to those which I understand are to be established in Connecticut.

I am serious in bringing this matter to the attention of the government. I hope that the Minister of Trade and Commerce (Mr. Howe), who perhaps knows more about industry in this country than any man I know of, will see that at least an investigation is made into this project. I said the other day that this would not be in competition with the Dominion Steel Corporation, but it does not make any difference to me whether it would be in competition.

We are short of steel in this country, and I hope that for many years the demand for steel will keep increasing whether there be war or no war. I have that faith in Canada that she is going ahead industrially and otherwise, and that for many years we will be unable to supply our raw steel demands. I think it would be worth while to give this matter some consideration.

I am not suggesting this as a war undertaking. I do not have much enthusiasm for building up war industries, especially in our own province, and then having ghost towns when the war is over. I am interested in industries in our own province, and any other province as far as that is concerned, that will have stability, that will be in existence as long as there is any requirement for the production.

Right at the spot I am talking about there is a railroad which passes through three or four mines. It is true that the mines in Inverness are in a pretty precarious way, but I understand that a geologist and another engineer are looking into the situation and have indicated that they believe there is a body of coal there which may be developed. Apart from that, there is plenty of coal in Inverness to supply the necessities of this steel plant. If we have not got it there, we could get it from the Dominion Steel and Coal Company.

I am sorry to say that just the other day the Prime Minister (Mr. St. Laurent) said something about the great difficulty of producing good steel in this country because of our coal. That matter was investigated four years ago by a chemical scientist in Montreal who was asked to inquire into the question of making steel with coal produced in Nova Scotia. After what I hope was a fair and impartial analysis and investigation he reported that while it took more of certain kinds of coal produced in Nova Scotia to produce a ton of steel than it did of other coal, so far as the quality of the steel was concerned there would be no difference. Our government has been doing something as to the differential with respect to the Dominion Steel and Coal Company. I hope I have at least brought to the attention of the government something which I think is and will be of lasting benefit to our end of the province. I know that our minister from Nova Scotia, who is sitting in his seat now, has been good to that province. He has been doing a good job in so far as Nova Scotia is concerned. Possibly I should not say this because our western friends and those from New Brunswick might be jealous, but he is doing a good job in getting defence orders for the province of Nova Scotia.

There were some good things left in Nova Scotia after the last war. For example, the government built a large plant at Trenton for mounting large guns and that sort of thing. The Dominion Steel Corporation, or perhaps I should say the Nova Scotia Steel and Coal Company, bought the plant. It has been a wonderful asset not only to Trenton but to the whole of the province of Nova Scotia, and has been a wonderful asset to the Dominion Steel and Coal Company. Last year they built there the largest coal hoist there is in Canada today, and placed it in the coal mouth at New Aberdeen. At that plant they are manufacturing today the material they want to implement the promise they made to the government some time ago when they received their loan to do certain things in the mines.

Then there is another place at Pictou, and also at Dartmouth. As I said before, I am not much interested in building defence institutions anywhere in this country if they are only to have a wartime life. It does good for the time being in so far as money is concerned, but otherwise it does no good. Comparatively speaking, I suppose that during the last war there was as much money spent in the province of Nova Scotia as in any other province of Canada.

There is one other matter that I wish to bring to the attention of the government.

The announcement has been made that the government is going to cut out all unnecessary expenditures. I have always been hopeful that no government in this country would spend money on something that was unnecessary. I do not quite understand that statement. I would not like to see the public services of this country suffer because of our war effort. Talking now of my own constituency, it is just as important to keep the public services going and in good repair as it is to put down communism, although I think that further steps should be taken so far as some of the communistic leaders are concerned. However, that is a matter for the judgment of the government. I represent a constituency that, with the exception of one other in British Columbia, has perhaps the longest coast line in Canada. That coast line is inhabited by Scotsmen, Irishmen, Englishmen and good French Acadians who have established themselves along the shores. In times gone by they have made their living, and are doing so now, from their little farms and the fishing industry. Through the years the government helped to supply them with breakwaters where they were necessary in small communities to give some protection to their boats, because they can only fish in small boats. There were wharves here and there.

During the first world war these public services were neglected, and in the last world war they were neglected. After the first world war it took more to put them in decent shape than it would have taken to build new ones. The same thing is happening now. I do not wish to see any unnecessary expenditures. However, if there is to be an attempt to keep away from what the government calls unnecessary expenditures, I wish to protest most strongly that the government should not do anything to interfere with public services such as I have mentioned.

Many years ago the town of Inverness had a flourishing fishing fleet. Thousands of barrels of mackerel were caught. A mine was opened there and the people left their boats to rot on the shores. They left their farm implements to rot in the fields, and went into the mine. So far as a worth-while occupation was concerned, their occupation was gone. Today I am told that the coal mine is about finished. I am hoping that the government will see to it that that little harbour is opened up again to give some access to small fishing boats. There is a recommendation to that effect from Nova Scotia engineers.

To indicate what can be done so far as keeping up public services along the lines I have suggested is concerned, I bring to your attention the village of Cheticamp, which years ago was a flourishing fishing village with a fairly good harbour. Then an industry was started there, fishing prices were bad and the people practically gave up their occupation—not in the sense that Othello's occupation was gone—but they really entered an occupation for which they were not fitted. Four or five years ago the fishermen of that village got together and with the help of the federal government and the Nova Scotia government they organized a little freezer for their bait. No village in the province of Nova Scotia has made such advances as the village of Cheticamp has in the last four years.

This government is also doing something along other lines. In the town of Louisburg a large fish plant is being built. That is a place where big vessels go in and out, and the little fellows are a bit too far away. They cannot get there. There is also splendid work going on at Petite de Grat. A United States company has come in there and the co-operative fishermen have leased their establishment to this fishing company. That is going to make a tremendous difference. For all that I for one thank the government, and would thank any other government that was in power. What I am trying to impress upon the government is that the necessities of the times even in war do not warrant not keeping up the public services of the country which are of advantage to any particular place.

Mr. Clarence Gillis (Cape Breton South): Mr. Speaker, I had intended to make a rather academic speech on this budget a few days from now, analysing its economic and financial aspects; but the remarks of my learned and hon. friend who just took his seat (Mr. Carroll) provoked me into rising and saying something at this time entirely different from what I had intended to say. During the course of his remarks the hon. gentleman stated that he had said something a few days ago, and he did not know why he said it. I am sure if he reads *Hansard* tomorrow he will wonder why he said a great many of the things he said this evening.

Just by way of a basis for the rest of what I have to say, after listening to the hon. member this evening anyone from this part of the country who is not familiar with developments in the maritimes over the past thirty years would think everything was fine, there were no problems, the government had found a solution to every difficulty, and that the troubles existing in Nova Scotia, New Brunswick, Prince Edward Island and now in Newfoundland, are entirely the responsibility of the people themselves because of their lack of vision and their lack of confidence in the future of that part of the

country. In effect, that is the impression the hon. member left with me in the course of his remarks. I want to reiterate what I have said a good many times, that the problems of the maritimes are not entirely due to any lack of initiative or confidence on the part of the people of that part of the country. You need not take my word for it; go back to confederation. I think one of the most respected men to ever sit in this house was the late Norman Rogers, who conducted an economic survey of the maritime provinces. He made a report, which is in the library and which I have read a good many times. My hon. friend should also read it.

Mr. Carroll: I have read it.

Mr. Gillis: Well, you have forgotten most of it.

Mr. Carroll: But I do not believe everything that is in it.

Mr. Gillis: A great deal of money has been paid for many reports of this kind, some of which my hon. friend has made. If they are not to be accepted as setting out the problems which were investigated, at great cost to the Canadian taxpayers, then I think we should discontinue commissions and all that sort of thing. The late Norman Rogers set out in great detail the fact that since coming into confederation Nova Scotia lost 202 industries to central Canada. At the time of confederation the maritime provinces were the most prosperous part of Canada. That was recognized at the time, and the fathers of confederation granted certain concessions as of right and gave certain guarantees to the people of the maritimes. They recognized that in bringing about confederation they were setting a new base, and that in doing so they were going to disturb and uproot the economy of that part of the country in order to expand the economy of the central part of Canada and ultimately link all the provinces under one federal charter.

There can be no question about the loss of industry by the maritimes to central Canada. I am not quarrelling with that. That has happened; it is past history. But when my hon. friend tries to ignore the developments of the past fifty years and turn back to the people of the maritimes themselves responsibility for the condition in which they find themselves, I think that is unfair. Perhaps one of the principal reasons for that attitude in central Canada and particularly in the federal government over the years is that so many men have been sent to this house tied to the tail of the machine that has ruled this country for the last fifty years to the detriment of everything east of Montreal. They were men who neglected to face facts, who failed to fight for the part of the country from which they came, who sat complacently in this house and either said nothing or gave an erroneous impression by statements such as we heard this evening. If my hon. friend tries to create the impression that all the industry we have centralized in this part of the country today was created by private enterprise, that impression is completely wrong. I have sat in this house since 1940. I watched the development of our defence program in that year. At that time, when billions of dollars of the taxpayers' money was given to industries across this country, with about 85 per cent of it spent in these two provinces for the creation of new plants and the expansion of old plants for war industry, I rose in my place and protested. That development and expansion resulted from the investment of money by the federal government. I argued then that our defence planning should be carried on in such a way that the effort would be distributed equally across the country on the basis of population.

That is not very much to ask. In Nova Scotia we have about 4 per cent of the population of Canada. We have 2 per cent of the gross production in terms of dollar value. If we had our share—and surely it is not asking too much to merely ask for your share—we should have at least 2 per cent more; and that 2 per cent added to the gross production of that province at this time would make a tremendous difference. But my hon. friend is not prepared to ask for that. He is satisfied with things as they are. I am not. The defence planning in the last war was completely wrong; and the present defence planning is wrong again.

Several times in this house I have suggested decentralization; my hon. friend made reference to that this evening. I was not expressing my own opinion only; I read a good deal. I was expressing an opinion which is held by the leading public men of the province of Nova Scotia. I was expressing an opinion that has been expressed time and again by the newspapers of that province. I consider the Halifax *Herald-Chronicle,* for example, one of the best informed newspapers in Canada. I consider it one of the greatest instruments to fight for the rights of the maritimes; and in editorial after editorial that newspaper has stressed the importance of the decentralization of industry. Many people in this country and in the United States are doing that now, not only as an economic development but for the protection of industry in the event of war. While I am very much interested in it from the standpoint of equalizing the production of this country as between

province and province, to which I think we are entitled, I am particularly interested in it—

Mr. Carroll: May I ask the hon. member how he is going to do that decentralizing?

Mr. Gillis: That is a simple question. You are starting now on a program that is going to cost the taxpayers of Canada a great deal of money.

Mr. Carroll: I am not talking about war industries.

Mr. Gillis: I am. The hon. member talked about it a moment ago. That is why I am talking about it. I intended to talk about the sales tax and so forth. The federal government is now embarking on a program that is going to cost the taxpayers of Canada in the neighbourhood of $5 billion over the next three years. May I emphasize the fact that that is $5 billion of money belonging to the taxpayers of this country. That money is going to be spent for the purpose of creating a great deal of new industry for war purposes. Instead of further loading up the province of Quebec and the province of Ontario, where you have approximately 82 per cent of the productive capacity of the country centralized today, what is the matter with locating some of the plants that are going to make shells, ammunition and that kind of thing down in a part of the country where you already have your steel, iron ore, unemployment and all that kind of thing? It should be done. What is the matter with locating your new plants for production purposes, as related to the defence program, in parts of the country other than those where you have 82 per cent of them today? If there is another war, it is going to be an atomic war. If that kind of a war comes, decentralization will be desirable; and I would point out that most of the people who are making public statements today with regard to defence matters, both in Canada and in the United States, have made statements a good many times in the last couple of months pointing out the desirability of decentralization of your war plants at least. Now that we are going to spend $5 billion of the taxpayers' money, there is no reason why the federal government should not plan that production so as to scatter it across the country and thus make for a greater equalization of the defence expenditure and, of course, for the protection of industry in the event of an atomic war.

That is something that was not done in the last war. It should be done at this time. I suggest to the government, as I have time and time again previously, that the plants we are building now should be built and owned in such a way that they can be turned over to civilian production for peacetime use if and when the war was over. I think that the thing was handled wrongly in the last war. For example, a plate mill was built down at Sydney, Nova Scotia. I am going to stick to maritime problems because my hon. friend did so. That plate mill was built on land that was owned by the Dominion Steel and Coal Corporation. When the war finished, you had a new, modern, up-to-date mill with all kinds of markets in this country for the plate it was producing. The federal government said, "We have gone into shipbuilding. We do not need that plate any more."

We were taking it in our own yards. Dominion Steel and Coal Corporation did not want to operate it; it would run in competition with their mill somewhere else. Therefore you were in this position. You could not sell it. Dosco owned the land. If someone wanted to buy it, they would have to move it off that site. If they moved it off that site, it was difficult to find another one. There was a firm in the United States that I think would have bought that mill; at least I talked to them about it. They said, "if we move it, and if we can find a site, will Dosco supply us with raw materials?" The answer was "No raw materials." That is a fairly high-handed way of handling the resources that they have leased from the Newfoundland government, such as iron ore and so forth. That is an example of how your defence planning was done with regard to building plant and equipment in the last war. It should not be done in that way this time.

The main point I want to make about the decentralization of industry is that now is the time to think about it, when you are creating new plants and new equipment. We should benefit by the mistakes of the last war.

My hon. friend is all in favour of that St. Lawrence waterways development. That is another project that is going to cripple the maritimes further, and it is going to cripple them in this way. I want to remind the house for a moment of the statement that my hon. friend made to the effect that the government is doing a wonderful job, that they have loaned Dominion Steel and Coal Corporation $7,500,000 for the purpose of a mechanization program that will cheapen production, and that kind of stuff. You should go down and take a look at the equipment they are installing. I did so. I saw it first hand. May I say that I would not want to work under the conditions under which the miners are compelled to work today.

But the point I want to make is this. While the government have made a $7,500,000

investment in that mechanization program, they are not taking a long-range view when they support the idea of developing the St. Lawrence waterways because that is a project which, if completed, will rout the Nova Scotia mining industry out of the Quebec and Montreal market, the only market they have today. As far as the St. Lawrence waterways project is concerned, I am convinced that it is for one purpose, namely, the development of cheap power over in the United States; and the Canadian government is going to spend a great deal of the money of the taxpayers of Canada in giving the United States cheap power. But it will serve the purpose of providing a water route in to the Montreal market, with coal for the American operators that they have not today. That is point number one. It is going to offset the investment the government is making in the Nova Scotia industry. In the second place, in connection with that industry in which my hon. friend is so proud that the government has an investment, may I say that they have more than an investment. They make subsidies and that kind of thing—payments which, in the course of the year, run into millions of dollars. But this is an investment on which they should expect a return.

The government is also giving to a pipe line company the right to pipe natural gas from Alberta clean down into Montreal and the city of Quebec. When natural gas is available it will not only heat the homes but it can be supplied to any industry that is being supplied with coal today in that region. It will be much cheaper than coal, much cleaner, and it will do the same job. The only industry in which you cannot use natural gas is the basic steel industry; you still must have coal and coke in order to make steel. But in any other industry in that Quebec and Montreal market, where approximately 2,500,000 tons of coal from Nova Scotia are now sold, gas may be used. But besides investing in that coal industry, to mechanize it and cheapen production, the government are piping natural gas down there, through an American company; they are giving to outside people a franchise to come in and exploit the natural resources of the Dominion of Canada, in perpetuity, for all time; there is no return of them. That is going to offset, in my opinion, the investment the government is making in the industry at this time.

I sat on a committee which met this afternoon, and I heard the president of the Canadian National Railways say that they had under way a program of shortly putting ten diesel engines on the road from Halifax to Montreal in order to take the heavy freight hauls. That again is replacing coal. While the government, out of the goodness of their hearts, will loan the Dominion Steel and Coal Corporation $7,500,000 to develop that coal industry, at the same time they are granting to outside capital franchises to pipe natural resources into that section of the country. That has as its ultimate end the replacement of that industry in its only economic market. Railways operated by the government are scrapping that market, and my hon. friend should not feel so good about the whole thing; because while they may be doing one thing which looks as if it might help, there are many other developments in that section of the country which offset the things that my hon. friend thinks the government is doing.

My hon. friend made one remark with which I partially agree. He said that the Minister of Resources and Development (Mr. Winters) was a pretty good fellow. I agree with that. I think he is one of the best men in the house. There are many things he would do if he could. My hon. friend said that the minister has done many things in Nova Scotia. I cannot see what they are. He has tried to do many things, but I believe he has been prevented from doing some of the things that he would do if there were more men like himself in the cabinet. I cannot see where he has succeeded so far in doing very much. He had a good housing program, but that was split up and stopped on him, and so forth and so on. I just wanted to make these few remarks, Mr. Speaker, because I did not want the impression created that everything was so fine in the maritimes.

There is no future for young people in that province, and nobody knows it better than my hon. friend.

Mr. Carroll: I do not know that.

Mr. Gillis: The hon. member knows that for the last fifty years, according to the figures compiled by the dominion bureau of statistics, we have been sending 15,000 young people from the maritimes to the United States every year, and that is especially true of the last thirty years.

Mr. Carroll: No, no.

Mr. Gillis: The hon. member should dig out the figures.

Mr. Carroll: No.

Mr. Gillis: That is absolutely right.

Mr. Carroll: Not 3,000 people have left the maritimes for the United States in the last five years.

Mr. Gillis: The hon. member does not look at the statistics. For the last few years we did have a little bit of a program, in that

we have been sending a few young people into the province of Ontario, but they gradually went back home, and many of them are over in the United States today. That kind of development in this country is not good enough.

I might say, Mr. Speaker, that these young people are the citizens of tomorrow. They are young people for whom we have made investments in schools and universities. We have put them through school, because the average young person today is not leaving school to go to work; there is no work for him and he gets the best education possible. I will say this for that province: its educational standards are as high as any in Canada. Perhaps as much money is spent per capita on education in that province as in any other part of Canada. After that boy or girl is educated he or she has to get out of that part of the country in order to secure employment. The only thing that we have been exporting to other countries for the last twenty-five years is our young people. I am sure my hon. friend knows that. We are slowly but surely developing into a province of old people. The highest percentage of old age pensioners in the whole Dominion of Canada is in Nova Scotia. There is no work for the young; there is no employment for a man over forty years of age. Ten per cent of the working population of the area from which my hon. friend comes is unemployed at the present time; that is the registered unemployed in that area. Those are official figures of two weeks ago released by the Sydney office of the employment service. That is for the whole island of Cape Breton.

I know he has received letters from his own section recently, and so have I, to the effect that there is a possible chance of the marketing of coal from the Inverness mine being lost completely because of the dieselization of the Canadian National Railways between Halifax and Montreal. Things are not so good, even in his own riding. There is a bad employment problem there, and it is static. Nothing is being done to cure it. While you may have about a four per cent unemployment problem for your working population across Canada, actually in that area it is ten per cent. The experts tell you when it gets over five per cent you have to do something about it because it is dangerous. If it were on a national scale you would say it was dangerous, and this house would be raising a lot of noise in order to have something done about it. Last year, when it was around six per cent, this house was passing supplementary benefits under the Unemployment Insurance Act and doing something about it on a national scale.

I say emphatically that it is just as important to the people affected in that community as it was to the whole of Canada when the unemployed figures were up over six per cent. It is just as important to that section of the country that something be done there in order to relieve that unemployment problem because it has reached dangerous proportions.

Before my time is up, Mr. Speaker, I should like to say a little about the budget. I know you have been patient and very lenient. I know you can discuss anything in the budget debate, but I generally like to be relevant to the subject matter before the house. It is not often that I get off on tangents unless somebody provokes me.

In regard to the budget itself I should like to say that I was disappointed. I think the main question that faces the Canadian people today is the question of inflation. It is one of the most disturbing factors in our whole economy.

During the last couple of weeks, before the budget was presented, labour delegations came to Ottawa and met with the cabinet. They were sent away; they were told that the government did not intend to do anything at all at this time in regard to price controls or matters of that kind. But the Prime Minister (Mr. St. Laurent) did suggest that when the Minister of Finance brought down his budget there would be measures in it that would assist in overcoming any further inflation. That statement was published in the press as having been made by the Prime Minister to the Canadian Congress of Labour, the Catholic Federation and the American Federation of Labour. These bodies represent a large section of the Canadian people. But the important thing to remember is that they represent the industrial workers. These are the people who are going to work in the plants, in the mines and in our defence industries.

Our main problem of course is to build up adequate defences to meet any emergency that might exist in the future. One of the first things that we should have in mind is to try to create an atmosphere of confidence in the minds of those who are going to produce the sinews of war. They should at least have the assurance that the government is doing everything it can to protect the workers on whom we depend so much. Do not forget this; it is on discontent, lack of confidence and lack of faith in our own institutions that the people whom we may be obliged to fight some day build their machinery. I think the government was ill advised at this time in taking the stand that

we are going to wait to see how the control system works out in the United States. I do not think myself that that is good statesmanship to inspire confidence, but we did not wait in 1941. We established price controls in this country a year ahead of the United States. The federal government in Canada pioneered in that field, and they made controls work. And if any lessons were learned about price controls, then it was lessons the Canadian government taught the Americans for at least a year prior to the adoption of controls in that country.

There can be no doubt about the saving to the Canadian people. The man who made the hardest fight for controls was the then minister of finance, Mr. Ilsley, who told us in 1945 that the Canadian people saved two and a half billion dollars. From a business standpoint alone it was a good investment for the people of Canada.

We had all that experience; we had it during all that time. I think the government was ill advised in saying that it was going to wait for the United States. We are told that the budget included measures that were going to prevent inflation, or to assist in overcoming inflation. I cannot see anything in the budget that is going to assist in overcoming inflation. The government has proposed one new device, but nobody knows how it will work. I am referring to deferred depreciation for a period of four years. They hope there may be something in that.

Actually there are in the budget measures which will add to the spiral of inflation. I looked it over rather quickly and my reaction to it is that the sales tax, which was discussed thoroughly by several hon. members, but particularly by the hon. member for Rosetown-Biggar (Mr. Coldwell), adds to the cost of living. While it sounds very easy and very simple to add 2 per cent, actually it works out at from 13 to 24 per cent. The sales tax is applied in this way: the manufacturer charges it, and passes it on to the wholesaler. The wholesaler takes the manufacturer's 10 per cent tax and adds that on before he marks up his profit. Then it is passed on to the retailer who takes his 20 per cent, and charges that up as cost to himself for that article. He adds his mark-up on top of that and then adds the other 10 per cent to the sales tax.

As one follows it through he will find that it works out anywhere from 13 to 24 per cent. That is a tax that will hit a great many commodities in this country. It is an added expense to every householder or anyone who buys anything. How can the government say it is going to help overcome inflation by a measure such as that when they have deliberately added to the cost of living, which ultimately will shove up the spiral of inflation?

Mr. Fulton: And profits.

Mr. Gillis: There is no doubt about it that it will add to profit, too.

Secondly, the government did not increase the tax on beer or liquor. I think that was very shortsighted—and, mind you, I am not a teetotaler, I do not say this because I am a temperance man; but I do believe that anyone who has the money to buy a bottle of Scotch or a couple of bottles of rye, or who can afford to drink some beer, would not kick very much if a dollar or so per gallon were added to the cost of the liquor. It is something one does not have to buy, and I think a tax of that kind would have been preferable to the tax on washing machines, refrigerators and other equipment of that kind. These things are not luxuries any more; they are essentials in every household. There are many young people who would want to get married and equip their homes, and those are the first things they will have to buy.

But under these conditions they are not able to buy the stove, the refrigerator or the washing machine they want. Those three articles are considered necessities in any household today. If the tax had been put on liquor—and a good stiff one—these essential commodities could have remained free and the cost of living would have been kept down to some extent for people who either had to furnish new homes or replace worn-out equipment.

Then, let me say this about profits: that the hon. member for Kamloops (Mr. Fulton), owing to his close association with this group, has gradually begun to think as we do.

Mr. Fulton: Mr. Speaker, on a question of privilege: while my admiration for my hon. friend's character and ability is unbounded, unfortunately I cannot say that I admire his policies.

Mr. Gillis: You see, Mr. Speaker, he has just finished prompting me into talking about profits; and I heard him arguing today most venomously—

Mr. Fulton: Venomously?

Mr. Gillis: —for pipe lines carrying oil to British Columbia, and stating that they should be common carriers, developed by the government.

Mr. Fulton: Common carriers, but not developed by the government—the two things are different.

Mr. Gillis: He is a little young yet; perhaps when he is as old as I am he will be worse than I am. However, on the question of profits, let me say that in my view the present profits structure is one of the main causes of inflation in Canada today. Press statements being released—and I have a lot of them here—show that in company after company profits are up by 300 per cent or 400 per cent. When I read these balance sheets in the papers I am really ashamed of the companies. For instance, Westinghouse nets $5,809,000, and all that kind of thing.

When one takes a look at those profits his only conclusion can be that the manufacturer is charging a lot more for everything today than is necessary. That, in turn, is passed on to the wholesaler and the retailer and the consumer has to take those skyrocketing prices, and all because there is too much profit.

All right, we are told the government has not the power to control it, and that they do not want to. I am suggesting that if the government were to take a look at the profits of the bigger corporations today they would realize that there is plenty of room for a redistribution of income to be spread among salaries, wages and subsidies to hold down the prices of essentials, and to increase the standard of living of those who produce. This is obvious from the balance sheets appearing in the press from day to day, and every day.

From hon. members opposite, and those who sit to my right, the argument in the past has been that the excess profits tax tended to waste and extravagance in management. That is not so. I remember that when I came to the house in 1940 the standard of living for the average worker was pretty low. Salaries and wages were low when compared with those in the United States. There were no welfare schemes in industry, and no pensions paid.

When the excess profits tax went on, what happened? Immediately employers in this country smartened up, and said, "Well, if we are going to give it to the government in taxes, we might as well revise wage schedules". I remember how easy it was for unions to approach employers and get increases in wages. That was one thing. But by an upward revision of salaries and wages, largely promoted in my opinion by that excess profits tax, the standard of living of all the people of Canada was improved enormously. That money was not wasted.

Secondly, many companies established pension and medical schemes on a contributory basis for their employees. A lot of that money that is now going into excess profits was diverted into those channels and as a result we had a fairly comprehensive picture of pension and welfare schemes in most of our industrial and business establishments. This was due to the fact that the federal government told these companies that if they earned over a certain percentage of profits it would come back to them in excess profits taxes, but certain things were exempt from that tax.

I see, Mr. Speaker, you are looking at me so I assume my time must be drawing to a close. The argument that excess profits taxes will promote waste and extravagance in business is not true. I contend that because of that tax things were done in industry and business during the last war which created an upward swing in the standard of living of the Canadian people. If that had been done, if the government had established price controls on essentials and used some of the money going into excess profits for the purpose of subsidizing, they would have established some confidence in the minds of the Canadian people.

Another thing that should be done by the government is to have a conference with the primary producers of this country. This has been suggested many times. There should be representatives from the major labour bodies who would sit in with representatives of the primary producers and the government to work out a wage and price base or stabilization program for industry and agriculture. In that way we would be drawing into our national defence program the primary producers and the industrial workers of this country. They would be given a say in planning their future and it would inspire confidence and ensure the government of getting maximum production and understanding from those who produce the wealth of the country.

I am sorry that I was provoked into making a speech which I did not intend to make and I shall just have to leave unsaid a lot of things I should like to say about the economic and financial aspects of the budget.

Mr. J. A. Ross (Souris): Mr. Speaker, I agree with all that the hon. member for Cape Breton South (Mr. Gillis) has said about the decentralization of industry in this country. He and I have argued this matter on several occasions in the past. There is much that should be done in that respect. We have pointed out the difficulties which our respective provinces labour under.

I want to endorse all that the hon. member for Lanark (Mr. Blair) said so well this evening about dairying and the problems

of the dairy producers, principally the cheese producers. The hon. member must have put a lot of study into his speech. He gave us many facts that will be valuable through being in *Hansard.*

We have been hearing many medical members this evening expound on behalf of agriculture, and that is all to the good. I think the hon. member for Regina City (Mr. McCusker) gave us a fine discourse on the South Saskatchewan irrigation project. I have been rather conversant with this matter. I endorse the congratulations he offered to Mr. L. B. Thomson, superintendent of the Prairie Farm Rehabilitation Act administration. I knew this gentleman before I came to Ottawa because it was my privilege to serve on an advisory committee of the P.F.R.A. before coming down here. At that time Mr. Thomson was working in another capacity. I am sure that he will make a splendid head of the department he has now taken over.

Those who have been here for some years will remember the many speeches made by the late John R. MacNicol with regard to the South Saskatchewan irrigation project. The late Mr. MacNicol represented a Toronto riding but hon. members will recall how he used to spend his vacations travelling throughout the country studying our natural resources. He was very keen about this South Saskatchewan project. I have talked with many people from the prairies, especially from Saskatchewan, and irrespective of politics they have told me that they thought the project should be named the John R. MacNicol irrigation project. Those in charge of this matter for the government should take the advice of these residents of the prairies, many of them staunch supporters of the government, who are asking that this tribute be paid to the late Mr. MacNicol.

I realize that it is too much to hope for, that every citizen in Canada would read the speech delivered by the Minister of Finance (Mr. Abbott). I compliment the minister upon his manner of delivery. He does his job well. I do not agree with much of the material contained in the budget, but I wish all the citizens of this country would read the detailed speech he delivered. He is a kindly member of this government. Then I wish the same people would read the detailed criticisms which were so well advanced this afternoon by the hon. member for Greenwood (Mr. Macdonnell). If all the citizens of this country would read and study both those speeches I think they would get a different understanding of what these tax proposals will mean to them in the days that lie ahead.

I was pleased to hear the hon. member for Greenwood ask the Minister of Finance and the government rather pointedly not to persist in their proposal to increase the sales tax from eight to ten per cent. I have always been greatly opposed to sales taxes of any kind because I do not like indirect or hidden taxes. I think it is an unfair tax. As has been so well pointed out by several speakers this afternoon, by the time this tax is paid by the consumer it has been pyramided until it is several times the original eight per cent, or ten per cent as it is now. It is difficult to estimate what the final tax is after it has been pyramided from the wholesaler right through to the consumer.

It is a vicious type of tax and certainly it will not assist those who are trying to fight the cost of living and finding it most difficult in these times. As was pointed out by the hon. member for Greenwood, the sales tax should be repealed because his surplus will probably be more than the revenue from the increase. Therefore he should withdraw that proposal. In this afternoon's press is an article indicating that the budget has boosted gasoline prices. The article points out that Imperial Oil Limited has decided to increase the prices of gasoline and diesel fuel because of the proposed sales tax increase. I do not think I need tell anyone here that that will add to the cost of production of the farmers of this country, as well as of many other people. That is just one of the items, as already pointed out. I think it would be an unfair increase and an unfair tax.

With respect to the tax of 15 per cent on electric stoves, refrigerators and washing machines, as was pointed out by speakers this afternoon these are now considered necessities of life throughout this country. I am sure that this tax will be very much disliked in the province of Manitoba from which I come because a great hydro expansion is taking place in the rural areas at the present time. After the type of life that our farm people have been accustomed to, and having in mind that these things are now considered necessities of life, the extra 15 per cent tax is going to be rather a hardship on very many people. I think it is most unfair.

The hon. member for Cape Breton South (Mr. Gillis) wonders why some additional tax was not imposed on beer or liquor. Personally I am bound to agree with him. I do not think anybody will accuse me of being a crank about these things. However, a letter appeared in a paper the other day written by a bride to be. She was wondering when liquor and beer had become essentials of life and why electrical stoves, refrigerators

and washing machines were at the same time considered luxuries.

Mr. Ward: What is the tax on liquor?

Mr. Ross (Souris): I cannot tell you exactly what the tax is now. It probably is fairly heavy but I can tell my hon. friend that the taxes on liquor so far have not in any way decreased consumption in this country. I think he will agree as to that. In fact, if he asks me about that I will tell him what happened in our own province. Coming from Manitoba, he probably knows as much about it as I do. At the time of the baby budget last September an additional tax was imposed on liquor and on hops and so on for beer. I forget the exact figure but it amounted to one and a fraction cents on a bottle of beer. Notwithstanding that, the provincial government imposed a tax of 4 cents on a bottle of beer to take care of that. That is a fact. I think that was a pretty heavy tax but following that the consumption of beer increased in the province of Manitoba. I think it is a fair assumption that no harm would have been done by imposing extra taxes on alcoholic beverages at this time, and I am not one who advocates taxing anything when it is not necessary. If one has to make a decision on these matters, I think it would have been beneficial to young people attempting to set themselves up in their own homes, as well as to many other people in this country, if a tax had not been imposed on articles which are so essential in setting up a home. Those of us who might want to buy liquor or to have the authority to buy it—

Mr. Stick: Or get married.

Mr. Ross (Souris): Yes—would not mind having to pay an extra tax there. However, that is just a personal observation. My colleague, the financial critic of our party, this afternoon referred to an article appearing on the editorial page of the Winnipeg *Free Press* of Thursday, April 12. I want to quote a portion of the article again. It reads:

> But if the underlying truths of this budget are examined it will be seen that the government's courage has outstripped its sense of reality. The budget in fact is a contradiction. Mr. Abbott stated the issue with clarity but he did not face it. "Two great issues face the world today," he said. "They are the pursuit of peace and the control of inflation." The budget figures document that statement to the hilt. But the budget itself contains no answer. Of the total outlay of 3,700 million dollars, expenditures on defence will be $1,662 million. This represents the pursuit of peace and is not to be criticized. The balance of $2,036 million represents the other of Mr. Abbott's great issues—the control of inflation. This vast outlay is for non-defence, for government services of one kind or another. How great it is may be gauged by the fact that in 1945-46, the first year of peace, the corresponding expenditure was only 1,062 million dollars.

There is more to the article. It is quite lengthy. I think any hon. member would do well to read it because it sets out the matter very well, and certainly points out what little help the budget will be to those who find the cost of living burdensome at this time. In fact the whole budget will greatly increase the difficulties faced by the people today. It does nothing to assist them. I have heard references to my right about the proposed provincial sales tax. In that respect I was very disappointed that just a few days ago the province of Manitoba saw fit to pass enabling legislation which would give them power to impose a provincial sales tax of 3 per cent. True enough, the attorney general and the premier pointed out that they had no intention of imposing that tax in the province but that it was enabling legislation to assist other provinces and the agreement to be made later with the federal authorities if such becomes a fact. Nevertheless I was disappointed that our provincial government would even pass that type of legislation.

Mr. Garson: I am sure my hon. friend wishes to speak accurately in this connection.

Mr. Ross (Souris): That is correct.

Mr. Garson: Is he not referring to a resolution which was passed by the Manitoba legislature approving of a sales tax constitutional amendment? I would point out to him that resolution is not in any sense enabling legislation, and that Premier Campbell has announced that in fact he has no intention of using that power even if it were granted.

Mr. Ross (Souris): Mr. Speaker, I have already said that both Premier Campbell and the attorney general had stated that they had no intention of using that power.

Mr. Garson: It is not enabling legislation. It is just a resolution approving of the constitutional amendment in question.

Mr. Ross (Souris): That is true, a constitutional amendment. I understood from the discussions arising from questions put by other members to the Minister of Justice (Mr. Garson) that these resolutions were required from the various provinces before the amendment could be undertaken. Am I wrong there?

Mr. Garson: You are wrong in that also.

Mr. Ross (Souris): I still dislike very much the fact that our provincial government has passed such a resolution, and it was by a very close vote. Now that the Minister of Justice has raised the question, I have an editorial here dealing with the federal sales tax as well as the matter to which we have been referring. A short while ago a number

of editorials appeared in many papers across the country. I think the minister probably will have read them. The one to which I wish to refer appeared in the *Globe and Mail* of Tuesday, March 6, 1951, and its heading is "Garson vs. Garson". The editorial reads:

Justice Minister Garson was in a placatory mood last week when he addressed the Montreal reform club. Speaking of the proposed constitutional amendment, which would enable the provinces to finance old age pensions by means of a turnover tax on gross retail sales, he denied allegations that the federal government was trying to foist it on any provincial government. It was completely up to the provinces, he said. Some would wish to impose such a tax, some would not. Of those which were anxious to enter the field of indirect taxation (now barred to them by the B.N.A. Act) he declared: "They have good reasons . . . Over the recent years the demands for provincial and municipal services, and the costs of satisfying such demands have both increased very greatly."

It is curious to find Mr. Garson defending the general idea of indirect taxation by provincial governments. Just a few years ago, when he was premier of Manitoba, he was frankly hostile to indirect taxation by any authority. On August 7, 1945, he told the dominion-provincial conference:

"Direct taxes are imposed upon the basis of known ability to pay. It is therefore a progressive tax. Indirect taxes fall on the poor with greater severity than on the wealthy. The indirect tax . . . is proportionately more to the man whose income is small than to the man whose income is large. It is therefore a regressive tax."

In another speech given that day, he warned the federal government not to finance its postwar program with "indirect taxes which retard business, minimize consumption and bear with unusual severity upon the poor." The same appeal is to be found in the opening paragraphs of the province of Manitoba's submission to the conference, presented January 26, 1946.

By April 30 that year Mr. Garson was denouncing the federal government for its extensive use of indirect taxes during the depression years. "In the 1930's," he said, "it was the undue reliance upon indirect taxes on staple articles of everyday use which so seriously curtailed the quantity of goods which could be purchased by families with low incomes . . ."

In the same speech, he charged that the federal government's "business-destroying, depression-creating" tax structure, based too heavily upon indirect taxes, had "bankrupted marginal enterprises by taxing costs regardless of whether such enterprises were making profits, and thereby discouraged enterprise, investment and employment."

There is nothing wrong with these arguments. This newspaper supports them, and because it supports them, opposes a provincial turnover tax as a means of financing pensions or anything else. Like most indirect taxes, it is unjust, restrictive and regressive. Premier Garson saw that in 1945-6. Justice Minister Garson doesn't see it in 1951—or maybe he prefers not to see it: whichever is unimportant.

Mr. Stick: The same man?

Mr. Ross (Souris): Yes, the same man in a different capacity.

The important fact is that Mr. Garson is now looking for an easy way out of the federal government's difficulties. If it can fob off the provinces with a shoddy tax deal, it will feel that it has managed to shelve the fundamental issues of welfare, reform and jurisdiction for an indefinite time, perhaps for a generation.

The people of Canada do not have to accept this shabby evasion of responsibility. They can take their stand simply by instructing their member of parliament to vote against the constitutional amendment.

Now, Mr. Speaker, I come to another phase with which I should like to deal, so if I may I will leave this where it is and with your permission move the adjournment of the debate and ask you to call it eleven o'clock.

Motion agreed to and debate adjourned.

BUSINESS OF THE HOUSE

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

He said: Tomorrow we will continue this debate.

Motion agreed to and the house adjourned at 10:55 p.m.

HOUSE OF COMMONS

Tuesday, April 17, 1951

The house met at three o'clock.

PUBLIC ACCOUNTS

CHANGE IN PERSONNEL OF STANDING COMMITTEE

Mr. W. G. Weir (Portage-Neepawa) moved:

That the name of Mr. Pearkes be substituted for that of Mr. Homuth on the standing committee on public accounts.

That the name of Mr. Decore be substituted for that of Mr. Welbourn on the standing committee on public accounts.

Motion agreed to.

FISHERIES

QUOTA ON SHIPMENTS OF LOBSTERS TO THE UNITED KINGDOM

Mr. J. Watson MacNaught (Parliamentary Assistant to the Minister of Fisheries): Yesterday the hon. member for Queens (Mr. McLure) directed the following question to the department:

What is the quota to the United Kingdom on the shipment of lobsters for the year 1951? Is the quota based on cases or on dollar value?

Under the scheme of token shipments administered by the Department of Trade and Commerce, the 1951 quota for shipment of canned lobsters to the United Kingdom is fixed at forty per cent of the average annual value of exports of this commodity to the United Kingdom during the base period 1936, 1937 and 1938.

The 1951 quota amounts to $489,138.

JAPANESE PEACE TREATY

QUESTION AS TO DRAFTS SUBMITTED BY UNITED STATES AND UNITED KINGDOM GOVERNMENTS

On the orders of the day:

Mr. L. T. Stick (Trinity-Conception): I should like to ask a question of the Secretary of State for External Affairs. Has he anything to add to the statement with regard to consultations on the Japanese peace treaty which he made in the house on April 2?

Hon. L. B. Pearson (Secretary of State for External Affairs): I have only this to add, that we have received a draft treaty from the United States government, and we have made a careful study of it. The observations of the Canadian government with respect to it will be forwarded shortly to Washington. I might also say at this time that there is a broad measure of agreement between our views and those of the United States government on the basic issues of the treaty. It is our expectation that after the views of the governments concerned have been submitted to the United States government there will be further consultation, with the object of concerting future procedure.

Mr. Graydon: Is it the intention to have any kind of conference among the powers in connection with this matter?

Mr. Pearson: It has not yet been decided whether the Japanese peace treaty will be signed at a formal conference, or will be signed separately by governments, with the Japanese government, as a result of negotiations among themselves.

Mr. Browne (St. John's West): I should like to ask a supplementary question. In today's Ottawa *Citizen* there is a statement to the effect that the United Kingdom had submitted a draft treaty to the United States. Has that also been submitted to Canada, and can the minister say whether the government of Canada is in agreement with the terms of that draft treaty?

Mr. Pearson: I understand that the comments of the United Kingdom government on the American draft have taken now the form of another draft treaty submitted by the United Kingdom government. That United Kingdom draft has been submitted to us, but I have not yet had an opportunity to see it. In fact I am not sure whether it has actually arrived in the department.

Mr. Graydon: The situation is full of drafts.

Mr. Green: Is the question of a Pacific defence pact included in these discussions?

Mr. Pearson: No, not in discussions of the Japanese peace treaty.

STEEL

DEFENCE PRODUCTION—SUPPLY IN BRITISH COLUMBIA

On the orders of the day:

Right Hon. C. D. Howe (Minister of Defence Production): Mr. Speaker, with reference to a question asked in the house by the hon. member for Vancouver East (Mr. MacInnis), as reported at page 1988 of *Hansard* for April 13, I would say that representation has

been received from the Sheet Metal Association of British Columbia by letter to myself dated April 9. A reply was sent on April 16 from the director of the small industries division, and a further letter on April 17 from the chief of the general purchasing branch. A meeting is being arranged between officials of the Department of Defence Production and representatives of the association.

However, it should be pointed out that the statement made by the Sheet Metal Association, and repeated in the house by the hon. member, that steel supplies have been cut off in the province of British Columbia and that there has been no defence production in that province, is completely erroneous. Steel suppliers in Canada are distributing steel in accordance with past purchases. This appears to be the fairest and most equitable method of distributing the supplies which are available after taking care of defence requirements. Particular attention is being given to keeping steel distributors in all parts of Canada supplied with their normal requirements.

It is not possible to furnish all the steel that purchasers would like to have, but some success is being achieved in furnishing steel that is required for essential construction and maintenance purposes.

THE BUDGET

ANNUAL FINANCIAL STATEMENT OF THE MINISTER OF FINANCE

The house resumed, from Monday, April 16, consideration of the motion of Hon. Douglas Abbott (Minister of Finance) that Mr. Speaker do now leave the chair for the house to go into committee of ways and means, and the amendment thereto of Mr. Macdonnell (Greenwood), and the amendment to the amendment of Mr. Coldwell.

Mr. J. A. Ross (Souris): Mr. Speaker, last night at the adjournment I had been discussing the sales tax and the increase of 25 per cent as set forth in the budget proposals. I had pointed out that this has greatly added to the problem of higher living costs throughout the nation.

I had also quoted the Minister of Justice (Mr. Garson) when, as premier of Manitoba, he had pointed out to the federal government that it was the undue reliance upon indirect taxes on staples and articles of everyday use that so seriously curtailed the quantity of goods that could be purchased by families with low incomes. I had pointed out that, as a result of the proposed increase in the sales tax from 8 to 10 per cent, only yesterday the Imperial Oil Company had announced an increase in the prices of gasoline and diesel oil. This adds to the cost of production of farmers and others throughout the nation. There have been continuing increases in their costs, and this is an added one resulting from the budget.

Just prior to the Easter recess there was announced a final settlement with respect to the five-year wheat pool and a supplementary vote making provision for the payment of $65 million to cover that settlement. This amounted to a settlement of approximately ten cents on the dollar of the loss taken by prairie wheat producers during the five-year wheat pool.

During the Easter recess the Minister of Justice addressed a series of meetings in Manitoba in which he attempted to explain the wheat situation, but he carefully avoided all reference to the increased costs of production with which those farmers are confronted and with which they were confronted during the term of the five-year pool. In that respect, Mr. Speaker, I should like to quote—

Mr. Speaker: Order. I do not know whether the hon. member proposes to reopen the debate on the United Kingdom wheat agreement. I do not think that should be permitted on this occasion. We had a long debate on the subject when the Speaker was in the chair, and subsequently in the committee of the whole. Under those circumstances I do not think that debate can be revived at this time.

Mr. Ross (Souris): Mr. Speaker, if you rule that the $65 million has no bearing on the present budget, then I am out of order.

Mr. Speaker: That is my ruling—and not only with regard to the hon. member but with regard to all hon. members who may follow in the debate. I thought I should bring it to the attention of the house at this time.

Mr. Graydon: On a point of order, surely an hon. member has a right in the budget debate to discuss anything connected with the financial aspects of the government's program. I suggest he should not be debarred from discussing this important branch of the program.

Mr. Martin: How could there be a point of order on that?

Mr. Graydon: You are not Mr. Speaker.

Mr. Speaker: The hon. member for Peel is right to a certain extent. In the present instance, however, the matter in question has already been decided. If the discussion were

reopened now it would be a revival of a debate on a subject which has been decided in the present session. On that ground I would rule the discussion out of order.

Mr. Ross (Souris): Mr. Speaker, I must certainly abide by your ruling, but the farmers do not consider the matter settled, by a long shot. I would just refer to the editorial page of the Winnipeg *Free Press* for March 30. Anyone who cares to read it will find it interesting material which will bring him up to date on the subject. However in view of your ruling I will not discuss the matter further.

According to the *Economic Annalist* of December 30, a study was made by officials of the Department of Agriculture of the costs that farmers are called upon to bear. According to that survey, which was carried out in the Gilbert Plains and Sifton farming section of central Manitoba, it was found, as set out in this pamphlet, that a number of the farmers could not pay their expenses and support their families from the revenues derived from their farms. Those findings are referred to at pages 1708 to 1710 of *Hansard* for April 6, which reports the discussion of estimates of the Department of Agriculture.

There is another matter with respect to wheat that has not been decided as yet. It was taken up with the government after Easter. It has to do with the $48 million to the extent of which the farmers of western Canada subsidized the consumers of Canada when all the other controls were taken off for a period of years following the war.

Mr. Speaker: Was not that question fully discussed when the amendment to the wheat board act was before the house? If my memory serves me correctly, there was an amendment to the effect that 25 cents per bushel should be paid to the wheat farmers, and in that 25-cent proposal was the question the hon. member proposes to discuss now. I do not think it would be in accordance with our practice to revive that question at this time.

Mr. Ross (Souris): Again I must abide by your ruling, sir, but a delegation did interview the government after Easter on this very matter. It certainly has a bearing on the budget, but I shall abide by your ruling.

I assume I shall be in order in making some reference to the international wheat agreement and the bearing it has on the cost of living in Canada today. This international wheat agreement means that right now, in April, the wheat farmers of the prairies are subsidizing all the consumers of wheat bread in Canada to the extent of 36 cents per bushel of wheat. This international wheat agreement is going to mean a loss of many more hundreds of millions of dollars to the wheat producers of the prairie provinces. This is something that has not yet been discussed in this house; it is a new angle. I think the government should have provided in that agreement an escalator clause for annual consideration or adjustment.

Mr. Speaker: Was not that wheat agreement discussed earlier this session?

Mr. Ross (Souris): Not to my knowledge.

Mr. Speaker: I was under the impression that it was discussed.

Mr. Knowles: Is Your Honour not confusing two different wheat agreements, namely, the United Kingdom wheat agreement, which had a duration of four years and which has ended, and the wider and now current international wheat agreement? They are two separate agreements. I submit that while there was a fairly full discussion about the settlement of the Canada-United Kingdom wheat agreement, which had a duration of four years, there has been no decision during this session with regard to the international wheat agreement. I do not agree with all the things the hon. member is saying, but I think he has the right to say them.

Mr. Speaker: For the time being I shall not rule against the hon. member. It is for the house to decide whether or not this question has been discussed previously and settled.

Mr. Graydon: Do we take it from your ruling, sir, that you are outlawing the term "wheat" from the debates of this house?

Mr. Speaker: Far from it. I am simply ruling that, in accordance with the practice of this house, questions which have been decided cannot be brought up in future debates in the same session. In effect, you cannot refer to a debate which is closed.

Mr. Quelch: There has been no amendment or resolution moved during this session with regard to the international wheat agreement. There has only been reference to it, but there has been no discussion based on a resolution or amendment.

Mr. Speaker: Apparently no hon. member takes the stand that the international wheat agreement has been discussed this session. If the international wheat agreement has not been discussed this session, then of course I cannot rule it out of order. If it has been discussed, I would rule it out of order. I shall go this far at the present time: a discussion on the subject of wheat which has been settled at this session would be out of order now.

Mr. Ross (Souris): My understanding is that this matter has not been discussed at this session. At any rate I have practically made my point about the international wheat agreement. It was simply that it was going to cost the western wheat producers some hundreds of millions of dollars. I do not think there is any argument about that. I repeat that there should have been an escalator clause to provide for annual adjustment or consideration of the agreement. I repeat also that the western wheat farmers are subsidizing the consumers of bread in Canada by 36 cents per bushel.

I am reading from the Searle index, and I may be asked if I believe in it. I think their research man is one of the most efficient there is anywhere in Canada. While I am not concerned about the company he works for, or the Winnipeg grain exchange, I have known this gentleman for many years and no one has been able to contradict any of his findings.

I want to refer to the marketing of grain at North Portal. I have referred to this in other sessions, and to the fact that the United States farmer markets his grain on one side of the street while the Canadian farmer markets his on the other side. As of March 10 the United States farmer was receiving $2.23½ cents per bushel for his grain net, while the Canadian farmer received $1.43½, a difference of 80 cents per bushel.

Mr. Howe: What are the grades?

Mr. Ross (Souris): It says on a comparative basis; I presume No. 1.

Mr. Howe: There is no No. 1 in that locality.

Mr. Ross (Souris): That was the quotation set out, for that day's market, and I do not think the minister will deny it.

Mr. Howe: The participation certificate goes with the quotation.

Mr. Ross (Souris): If the minister wants to make a speech I will sit down.

Mr. Howe: I do not like to see you put phony figures on the record.

Mr. Ross (Souris): There is a difference of 80 cents per bushel. I will be fair to the minister and to the people who are handling the wheat and say that there will be a further adjustment to the Canadian farmer, because that is the initial payment.

Mr. Howe: I am glad you put that in.

Mr. Ross (Souris): I hope the minister will rise in his place and tell the nation through this house that there will be a final settlement amounting to one-half of that 80 cents. But still there will be that great difference left.

Our class II wheat, No. 1 basis Fort William for export, is selling at $2.26¼. The price under the international agreement, and also for the Canadian trade, is $1.90¼. That shows a difference of 36 cents, and that is the amount by which the prairie farmer is subsidizing the consumers of Canada.

Somebody has asked why I do not refer to Australia. I do not know why the hon. member for Maple Creek (Mr. Studer) does not get up and make a speech on behalf of the farmers who sent him here. I shall refer to the price of wheat right here in Ontario, which I believe is a part of Canada, and where they are being paid $2.35 per bushel. There is a difference there of 91½ cents between what the Ontario farmer receives and what the western farmer is paid under compulsory marketing by this government. The net to the western farmer is $1.43½.

So much for wheat, Mr. Speaker. We will see whose prophecies come true.

Mr. Ferrie: Say something about rye.

Mr. Ross (Souris): I could say a lot about rye. The hon. member for Mackenzie (Mr. Ferrie) says, "Say something about rye". I remember the Minister of Agriculture a few years ago telling the people of western Canada that they should not grow rye.

Mr. Gardiner: No, no.

Mr. Ross (Souris): I know that I started to grow rye and I am not unhappy about the circumstances at all. Normally rye sells for 80 per cent of the price of wheat. What is the price of rye today? It is $2.35 a bushel. There is your comparison on rye.

Mr. Ferrie: $1.99.

Mr. Ross (Souris): I am not going to say anything more about wheat now, other than to repeat that on February 6, in the debate on the address in reply to the speech from the throne, I requested the appointment of a royal commission to inquire into the grading, marketing, transportation and storage of grain in Canada and abroad. On March 8 I repeated that request. The leader of the opposition (Mr. Drew) also requested that an impartial appraisal be made of the losses of the wheat farmers of Canada under the five-year pool. The handling of the 1950 grain crop has been very unsatisfactory so far, and this is the ninth month of the crop year. I repeat the request for the appointment of a royal commission. The cost of such an inquiry would be very much less than one bushel of

wheat per prairie farmer. If everything is in order, why should there be a refusal to appoint a royal grain inquiry commission? I can assure you, Mr. Speaker, there are many items I have not mentioned in the house so far this session that would be brought to light as not having been in the interests of the wheat producers of western Canada. Again I ask for the appointment of such a commission.

I ask that the proposal to increase the sales tax from 8 to 10 per cent be withdrawn by the Minister of Finance, because it distinctly adds to the burden of the cost of living in this country and to the cost of production, especially for the farmers. I ask also that when the special committee is appointed later to study amendments to the Dominion Elections Act, 1938, provision be made by amendment for the transferable vote. Our election act is antiquated, and should be brought up to date.

I should like to refer to the result of a Gallup poll published in the press on Saturday, April 14. The heading is: "Much Profiteering in Canada? Three-quarters think there is". I will not quote the article. It can be found in the Montreal *Daily Star* for April 14 and in other daily papers of that date throughout the nation. The result of the poll of average citizens throughout Canada is that 75 per cent believe there is undue profiteering at the present time.

I will certainly support the amendment moved by my colleague, the hon. member for Greenwood (Mr. Macdonnell). If you will permit me, sir, I shall read it at this time. It is to be found at page 2053 of *Hansard*, and is as follows:

That all the words after "that" to the end of the question be deleted and the following substituted therefor:

"the proposals of the Minister of Finance are unsatisfactory because they will inevitably increase the cost of living for all and especially for those least able to bear it.

This house condemns in particular, as inflationary, the increase by 25 per cent of the general sales tax and is of the opinion that the increase is unnecessary and unwise.

This house further condemns the heavy increase in excise taxes on certain essential commodities and is of the opinion that much of the government's proposed huge increase in taxation is due to its own extravagance."

An hon. Member: You do not believe that.

Mr. Ross (Souris): I continue:

"This house regrets the failure of the government to take effective steps to deal with profiteering."

Somebody says that I do not believe it. I wish I had time to enumerate the many instances of wasteful expenditure of money that should rightfully have been saved for the taxpayers.

(Translation):

Mr. Robert Cauchon (Beauharnois): Mr. Speaker, during this tragic hour in the history of the world, when human rights are disregarded or flouted in so many different conflicts, it is pleasant to be living in a country such as ours. It is indeed pleasant to be living in Canada, this huge expanse where stout-hearted people grow amidst security, because of an excellent administrative system that guarantees the highest degree of individual freedom as well as the full flowering of their activities, in their march towards progress, to which the unlimited resources of their country entitle them to aspire.

Canada is a great and beautiful land; it is truly a land privileged amongst all others, one towards which the economists say the eyes of the whole world are now turned.

I do not believe that I will mislead the hon. members of this house when I say that, in these modern times, Canada sets an example to the various countries of the world, as the stronghold of democratic liberties. Let us not forget that this remarkable fact, which goes unnoticed by none, never fails to stimulate the curiosity of foreigners, from the very moment they set foot upon our hospitable soil. We must admit, without fear of contradiction, that Canada is truly a privileged country and that, consequently, its citizens are entitled to consider themselves as particularly favoured by Providence.

It so happens that within this immense and extraordinary country which is this dearly beloved Canada of ours, there is a bit of land of which, as a member of this house, I am particularly fond. It has rightly claimed the better part of my being and thus fastened upon itself my constant and devoted attention. This constituency, Mr. Speaker, of which I am justly proud, to which I can promise my selfless support and sincere devotion, this constituency which is making such strides forward and shows such great promise of future greatness, whose present prosperity is beyond doubt and which is so remarkable from every point of view, this constituency whose picturesque vistas and truly great resources make it so attractive to tourists, this constituency which belongs to a province which was one of the earliest to join confederation and which borders, for the most part, on our majestic St. Lawrence is the constituency of Beauharnois which I am introducing to you today with feelings of sincere admiration.

As I said a moment ago, the constituency is prosperous in spite of depression periods

and many trying days. Perseverance has been rewarded by success. When Sir Wilfrid Laurier paid us a visit during his 1911 election campaign, at which time he won us over by the charm of his silver tongue, the great statesman was able to see that our district was in full activity and well on the way to success in the various fields of industry and trade. While travelling through the fertile countryside and the pleasant towns of Beauharnois county, he did not fail to show his just appreciation for the excellent work done by the farmers and the townsmen. But how surprised would have been the great and illustrious Liberal leader of 1911 if he could have accompanied our present leader in his triumphant tour of the same constituency in 1949. The enormous and very real progress achieved would have surely held the attention of the great Laurier.

For, from that day on, our fellow citizens have followed, practically without a break, the ascending road to success and prosperity, which, according to Virgil, can best be attained through unremitting toil. That is why, Mr. Speaker, I repeat that I am really proud of the county I represent today, thanks to the confidence placed in me by my fellow citizens.

The people of Beauharnois constituency are peaceful and hard-working, true to their ancestral traditions. They have inherited the strength and valour characteristic of our forefathers, discoverers and pioneers of noble and pure stock. In different parts of the constituency, especially in the towns of Salaberry de Valleyfield and Beauharnois as well as in Chateauguay and many rural centres, there are people of different nationalities, French-Canadians and Anglo-Canadians, living and working side by side the whole year round in the most complete harmony. That feeling of brotherhood, which ensures good understanding and harmony between the two races, is really to be admired.

It is a well-known fact that our various ethnic groups live in the greatest harmony, showing the unity of their views in their daily relations. This fact constitutes an excellent and most important factor of success which makes life more interesting and more heartening and greatly increases the performance of all in striving towards a common ideal of comfort and prosperity. That is an outstanding example which I deem it my duty to mention in the house since it is in harmony with the great virtue of charity, the main basis of the democratic ideal, a virtue which is so useful and so necessary today especially, to strengthen us in the face of present dangers. The harmony existing among the people of our riding deserves public recognition and should be brought to the attention of the entire nation since it constitutes such a powerful means of protecting the population from class struggles and of consolidating at the same time the entire social structure by upholding peace and security.

That union and cohesion of our people has brought quite wonderful results in our riding. Whenever there is a good purpose to be served in the matter of social welfare, such concerted effort becomes conspicuous and makes for the success of the various campaigns. In each case, our citizens have realized where their responsibilities lay and they have been equal to the task.

In due course, the city people as well as the farmers have shown that they knew something about business and that they were alive to their duties as Canadians, by answering generously to the call of their country at a time when all our forces had to be directed towards a common goal. Thus, our people have greatly contributed to making every loan drive a success, conscious as they were of the importance of such contribution for the safeguarding of our most sacred rights.

During the last war, as in the war of 1914-1918, the constituency of Beauharnois made a fine effort. A great number of recruits enlisted in His Majesty's armed forces. Various plants, on the other hand, worked on the production of war equipment and munitions. The same spirit of co-operation prevailed amongst related organizations such as civilian defence. All in all, worth finds and asserts itself. This is true of citizens of our constituency, whenever a generous effort, a helpful hand is required for a good cause.

In the constituency of Beauharnois there is a power plant noted not only in the district but throughout the country. It is an asset provided by the St. Lawrence river, the development of which is in the blueprint stage. It will contribute to the fuller use of the water power of this great river.

Mr. Speaker, I cannot resist the impulse to congratulate the Minister of Transport for the magnificent statement he has made on several

occasions in connection with the St. Lawrence seaway project.

The competence of the Minister of Transport is well known, but at the risk of offending his modesty, I must say that the brilliant outline he has made on several occasions of the St. Lawrence seaway project has brought much comfort to all those who have our country's development at heart.

The people of Beauharnois, Salaberry de Valleyfield and of the whole constituency are deeply interested in the seaway project because of the advantages which everyone, in his own sphere, would derive from this undertaking. Everyone favours and takes a keen interest in the vast project related to the deepening of our mighty St. Lawrence river.

The Beauharnois plant supplies power to an unlimited number of factories of every description. Beauharnois county has made a fine name for itself and is justly proud of the success achieved by a few of its sons in literature, fine arts, science and even sports. In the field of science, one of our citizens has gained recognition not only in Canada but abroad.

As regards social relations, employers and employees work in a spirit of co-operation and mutual understanding. In this connection, the workers have shown themselves well disposed; they are also very efficiently organized and enjoy, in this respect, every privilege granted by the established statutes. On the other hand, industrial leaders have shown a fine spirit of initiative where their employees' welfare is at stake. Undoubtedly, some claims are necessary and, at times, disputes did arise, but no regrettable incident has ever occurred and relations between salaried workers and industrial leaders were renewed on a harmonious basis. I have no doubt that these industrialists would be the first to press for the necessary measures if ever the government required of them a united effort for the common good. I am sure that the industrialists of Valleyfield, of Beauharnois and of other parts of my constituency would be the first to meet the wishes of the government in this respect.

(Text):

Now, Mr. Speaker, I wish to draw the attention of the house to a social problem which I encountered very frequently during my four years as mayor of the city of Valleyfield, and also while acting as director and vice-president of the union of municipalities for the province of Quebec. Until a few months ago this social problem was urgent, but because of recent international events it has become for the moment less pressing. This problem is of concern to one of every three workers in Canada.

I am referring to all Canadian workers over forty, whose plight can be appreciated by even a cursory examination of the advertisements in any of our daily newspapers. In recent years it has been in the field of labour that the most severe economic losses have been suffered. Loss in the field of employment is always an obstacle which hinders progress toward other objectives. Thus it is important to solve first the problem of employment if we are to lead the way to a progressive economy. Both nationally and internationally, unemployment is a waste of productive resources. Indeed, when a section of labour is inactive, both production and revenue are lower than if there were employment for all.

Since the 1930's everyone who has the welfare of the workers at heart must be deeply concerned about the ever-increasing tendency to discriminate against those over forty-five. Except in skilled occupations the older worker who does not retain his employment is faced with much greater difficulty in finding new employment. This was proved during the depression, when the numbers of unemployed older workers increased. The war demand for labour of necessity did away with much of this discrimination. It also showed that the prejudice was not based upon the fact that the older worker did not do his work satisfactorily. Nevertheless, once the war was over the older worker in North America was found in greater numbers among the unemployed.

Some employers would have us believe that these workers are the inevitable victims of the machine age and the modern accent on youth. The entrance of ex-service personnel into the labour market has sometimes been used to justify or excuse such discrimination, which is often practised against veterans in that age group. Post-war demands all over Canada for manufactured goods and building materials were such that all workers were needed and should have been employed.

A moment ago I stated that the problem is an urgent one. In order to prove my assertion as to its gravity, one has only to consult the statistics issued by the officials of the national employment service. Vocational guidance and employment counselling are absolutely essential. This is not a mere expression of personal opinion; it is the considered opinion of those of the international labour office whose business it is to study the

reports on unemployment from all over the world.

On page 89 of the book entitled "Action Against Unemployment," issued by the international labour office in Geneva for the year 1950, we find the following:

> The main need of workers who lose their employment, apart from an income for themselves and their families to live on, is for technical assistance in finding alternative employment or the training or retraining required for re-employment. In present-day employment conditions it is too much to hope that individual workers will be able accurately to diagnose their own position and prospects and find their way, unaided, into the most suitable alternative employment available. Many of them, in fact the great majority, need access to vocational guidance or counselling services capable of helping them into suitable employment. The provision of such assistance is therefore an essential part of employment market action against unemployment.
>
> The importance of guidance and counselling services for the unemployed was further recognized during the early part of the war when, despite labour shortage, the unemployed were not being absorbed as rapidly as had been expected. The process of re-absorbing ex-service personnel and war workers into peacetime economic life also gave new impetus to the development of guidance and counselling facilities. Finally, post-war full employment campaigns have included emphasis on such facilities as an integral part of action to ensure manpower distribution and redistribution contributing to the smooth and efficient working of the economy.
>
> In 1949, the international labour conference, aware of the importance of these trends not only for promoting individual work satisfaction, but also for improving employment market organization, adopted the vocational guidance recommendation. This recommendation urges the rapid development of vocational guidance and employment counselling services and suggests standards to accelerate the development of these services along sound lines.

Our government was even quicker to recognize the situation, and in 1947 set up a counselling service in the city of Toronto. So successful has it been that Dr. Louis I. Dublin, vice-president of the Metropolitan Life Insurance Company, in an article appearing in the January 6 issue of *Collier's*—a United States publication—pointed to it as a method of coping with this problem which the United States is also attempting to solve. I quote:

> Canada has already demonstrated what can be done along this line. Several years ago it found that almost half the men registered with the Ontario region of the national employment service were over forty-five, and that industry rarely offered openings for this group. So it set up in Toronto a free experimental vocational guidance service for older people.

Not only does a successful businessman like Dr. Louis I. Dublin approve such an attempt at organization, but we find the following on page 8 of the same international labour office book:

> Experience has proved conclusively that the systematic organization of the employment market is an essential condition for the permanent control of the problem of unemployment.

[Mr. Cauchon.]

The subsistence of those over forty-five is too vital to risk continual subjection to the hazard of negotiation. Again, in the same book at page 110 we find:

> As unemployment increases, employer specifications with respect to age are tightened, and the percentage of older workers among job seekers rises. In a very loose labour market, older workers become over-represented among job seekers, and employers with a much larger reserve to choose from become increasingly reluctant to hire them.

An editorial in the Montreal *Gazette* of February 12 expresses similar views. The writer concludes that:

> Canada as a nation will itself show signs of aging if it fails to adapt itself to the new problems that its aging population is creating. There will be a great need to revise old ways of thinking about age, so that the lengthening years of its workers may also provide for a lengthening usefulness in industry and business.

Reasons given by employers for their deliberate adoption of this policy of discrimination can be briefly stated as follows: (1) the high cost of group insurance premiums for older workers; (2) the high cost of company pension plans for older workers; (3) the older workers' inability to master quickly new industrial techniques; (4) the high accident rate among these older employees; (5) their lower output.

The first objection can be answered in a few words. One has only to compare the premium charged per thousand for workers at the age of twenty-five with that charged at forty. In one case the difference is as small as $1.58 per thousand.

What can be done to meet the second objection as to the cost of a company-sponsored pension plan? If pensions are computed, as they are in many cases, only according to the number of years employers and employees have jointly contributed, this objection does not hold. It has been shown that the older worker, desperately anxious for employment, may be willing to relinquish his right to participate in a company's pension plan. Why should he be obliged to give up his right to a degree of security when he is forced to retire? We must find a solution. It has also been suggested that the contributions of those employed for only a short period be remitted. The idea that we can continue to advance our civilization by insisting upon giving less and less for more and more is a dangerous illusion.

Inquiries which I have made in my constituency of those in charge of personnel in various industries would indicate that the facts do not support the contention that older workers are not adaptable. Their contribution during the war years is surely convincing proof of this. Their past experience should be of value to the employers, whose counselling services

could direct the older workers to tasks within their capacity. They need not be asked to learn entirely new techniques. Surely it is in the interests of efficiency to make use of the older workers' skill and experience. It is absolutely wrong to think that old age always impairs man's faculties. The greatest contributions in the fields of philosophy and culture have come from the minds of older men.

Accident cases in which compensation was paid prove that the high accident rates are in the twenty to twenty-four age group. The older worker is by nature more cautious, more deliberate, and more accident-conscious. If productivity declines as employers imply it does after the age of forty, how can they explain the fact that earnings on a piece-work basis reach their peak between the age of fifty and fifty-five? When workers are asked to assume additional responsibility in any office, it is generally given to those whose age and experience enables them to handle ever increasing duties. These older employees probably have very heavy family commitments; they are less bored by routine; they are less likely to change their jobs, and are certainly likely to keep their minds on their work. All this contributes to high productivity.

Canada, like the United States, has become, gradually but inevitably, a nation of older workers. At present—and this percentage will increase with the advancement in preventive medicine—thirty-three and one-third per cent of Canada's workers are over forty-five. How could a rearmament program be carried on without them?

The only direct purchasing power is that of goods and services which are offered. Our economy needs their purchasing power; the country needs their contribution to its exchequer. The burden of taxation cannot be borne only by part of the population.

The young workers must, in their own interest, support a policy of employment for all. They are separated by only a few years from that same category. Can they feel secure in an employment market which denies its oldsters the right to work and the self-respect which employment secures? This is their right in a democratic society.

Employers must remember that one of the most elementary desires of every human being is the preservation of his dignity. Is it not better for society or for a nation to provide work for its older members than to dole out a monthly pittance which degrades the dignity of the human being?

Employment and government must co-operate to solve the problem in the interests both of industry and workers. Men are born with equal rights to work and to economic independence. Any worker who has to worry about losing his job because he has reached forty-five cannot produce as much as one who feels his job is secure. Nor can he feel free to seek a better job. One of our ideals expressed in the Atlantic charter is "freedom from want." Is want less distressing and intolerable in middle age than in youth? The movement to secure the social welfare of the workers carries in itself great hope but not only for those who benefit directly by it. Failure to obtain work because of this prejudice against workers of forty-five gives communism an opportunity to spread its ideology.

The very existence of democracy depends upon the active co-operation of labour, both now and in the future. If the situation is such that the labourer over forty-five is denied employment, democracy will surely suffer.

It is fortunate that the voters do not share employers' reluctance to trust those over forty-five with the nation's business. Who could bear to think of depriving the country of the accumulated wisdom represented on the government side of the house? Dare we mention the Senate?

Unquestionably work brings health, financial independence and happiness to all. It is essential to the welfare of mankind.

Those who think that this social problem is of concern only to labour and industry are not facing reality. It is a most urgent one, the solution of which will restore to the labourer his reason for living and his joy in working.

This is the situation as I see it. The Department of Labour has done everything in its power to win the co-operation of industry in solving this problem. It produced a film called "Date of Birth" which was shown throughout Canada by the unemployment offices of the country. Unfortunately industry's response was disappointing, and the situation has not improved appreciably. However, I am glad to know that the effort was not entirely wasted. Mr. George K. Foster, vice-president of the Canadian Johns-Manville Company, Limited, in an address to the Royal Canadian Institute in Toronto on January 29, is reported by the Montreal *Star* of that date as follows:

> Modern management is not just cold industrial efficiency. Modern managers are equally concerned with industry's human relations, with the dignity of man and with the harmonious co-ordination of men and machines.

This view is expressed not only by the vice-president of a big company such as Johns-Manville, but also by a man who represents the boards of trade and chambers of commerce of all Canada. Mr. F. G. Winspear, president of the Canadian Chamber of Commerce, in an article appearing in the "Monetary Times Annual National Review, 1951" and entitled "A fine new national spirit necessary in Canada," makes this statement:

> As we move further into this period of deepening crisis, I believe that Canadian business is ready and alert to assume its leadership which the country has the right to expect of it.

Also:

> I believe attention should be directed toward the emergence of a fine new national spirit, the sense of enlightened leadership on the part of the business men of Canada.

Though it may be argued that we may be facing a shortage of manpower or a period of employment for all, and that this matter does not at present require immediate action, I am not in agreement with this point of view. In support of my contention, let me refer you to a report that was presented by the division director of the Department of Labour, division of research and statistics, at a public hearing of the New York state joint legislative committee on: "Problems of the aging," December 9, 1948. This is a conclusion reached after a thorough study of the situation, and I quote:

> As a group, however, the older workers are set apart by employment obstacles which leave them vulnerable to economic changes and with inferior status in the labour market even in periods of high employment.

Delegates to a conference on the problems of the aging, under the chairmanship of Dr. Albert Abrams, agreed that:

> There are no insuperable obstacles to employment of older persons once management, labour and government sit down together to do the job.

I would propose that the federal government set an example to industry by employing in the civil service qualified older workers. These positions are suitable, for they require qualities which such workers generally possess—patience, judgment and experience rather than great physical strength.

The ability to work without the chance to do so means nothing unless we provide the opportunities.

According to a pamphlet put out by the institute of labour and industrial relations in connection with the university of Illinois and entitled "Who is too old to work?" we find on page 19, the statement:

> Much of the success in making job opportunities for older workers will depend upon research findings.

As reported on page 70 of *Hansard*, the Minister of Labour (Mr. Gregg) made a statement as to the establishment of a national advisory council to make a survey of the manpower resources of the country. Would it not be desirable to instruct this advisory council to study at the same time this problem of older workers, in order to save these workers from suffering in a similar situation after the present emergency is over?

Perhaps even better would be the appointment of a special committee of the house to investigate fully means of making and finding job opportunities for older workers.

Mr. H. R. Argue (Assiniboia): Mr. Speaker, I wish at this time to direct my remarks to the speech delivered the other evening, by the Minister of Finance (Mr. Abbott), to deal with certain aspects of his budget speech and taxation proposals, and to refer in particular to certain paragraphs in his statement wherein he informs parliament and the country that the allocations for certain construction projects under the Department of Agriculture, the Department of Public Works and the Department of Resources and Development are to be curtailed, as part of the government's economy program.

I listened last night with a good deal of interest to the speech delivered by the hon. member for Regina City (Mr. McCusker). May I compliment him at this time upon his able presentation of the immediate need for the construction of a dam across the South Saskatchewan river in order to obtain irrigation and power development.

One of the main questions in my view is whether the budget is truly anti-inflationary, in the sense that it will prevent a further serious increase in prices, and whether or not the taxation proposals covered by the budget protect the low income groups within our nation. Of course the budget has to cover expenditures for the defence program. It is true that 10 per cent of the production of the country at this time must be used in the defence effort. But while the defence program is a real cost and burden upon the masses of the Canadian people, one group or one section in our economy has already benefited immeasurably by the present state of affairs in the world and the incident in Korea. I refer to corporations, and the profits of corporations after the payment of all taxes.

Corporation profits after taxes in 1949 were $1,171 million. In 1950 they had increased by $231 million to a total of $1,402 million, after the payment of taxes. Corporation profits from 1949 to 1950, after taxes, went up by 19·7 per cent, whereas the incomes of salaried

persons and workers in Canada increased in the same period by only 6·4 per cent. In the same period net agricultural income decreased from $1,513 million in 1949 to $1,424 million in 1950, a decrease of 5·9 per cent.

So this is the situation we have in 1950 compared with 1949: Corporation net profits, after taxes, are up 19 per cent, while salaried workers and labourers had an increase in their wages of less than one-third of that amount, or about 6 per cent. Then, the net income for farmers in Canada decreased within that period by approximately 6 per cent.

I say it is certain from those figures that neither workers' wages nor farm prices have contributed in the main to the inflationary spiral. Inflationary prices have been brought about mainly by corporations, monopolies, and semi-monopolies making increases in prices which were wholly unwarranted, and the result of which has been an increase in net profits, after taxes, in 1950, as compared with 1949, of over 19 per cent.

We have the minister's proposal of a surcharge or a surtax of 20 per cent on corporation profits, resulting in most instances in an increase in corporation taxes of 7·6 per cent. Does it follow from that proposal that corporation net profits in 1951 are going to be less than corporation net profits in 1950? I do not think it follows at all. Without price controls the great corporations of Canada are free to set the prices for their products. It will not be hard for companies like Massey-Harris, for example, to add on to their retail selling prices of machinery sufficient to pay the 7·6 per cent increase in corporation taxes, and sufficient to increase their 1951 net profits, after taxes, to a point higher than 1950 profits.

I say that without price controls the 7·6 per cent increase in corporation taxes, taken alone, can result only in one thing, and that is higher prices and further inflation. The other proposals of the Minister of Finance do not improve—indeed they do not maintain the present standard of living of the lowest income group in our country. In arguing the advantages of a sales tax the minister said: Oh well, persons in low income groups have to pay the increased tax on only 25 per cent of their expenditures, and persons in the middle income groups from $3,000 to $7,000 will pay the increased sales tax on only a third of their expenditures. Then he admitted that the incidence of the sales tax will decrease after the $7,000 income bracket.

The present increase in the sales tax is a regressive tax. It means a redistribution of purchasing power by taking it away from the lowest income groups in the country. When the minister came to increasing the tax on incomes he did not bring in a progressive increase by varying the percentage. Instead of doing that he placed on a surtax.

Mr. Sinclair: Work it out.

Mr. Argue: He placed on a surcharge of 20 per cent all across the board which, in my opinion, in no way compensates those in the low income groups for the increase in the sales tax and in no way compensates for the inflationary increase in prices that has taken place over the last few years.

The end result of all the tax proposals advanced by the Minister of Finance will be a further relative increase in the burden on the low income group. The minister increased the income tax on single persons earning $1,500 or less and on married persons earning $3,000 or less. We in this group do not approve of that part of the increase in the income tax. It has been said already a number of times by ministers of the government that 10 per cent of the production of Canada must be used in our defence program.

Let us look at the contribution already made by the married person earning $2,500 quite apart from the new burdens being placed upon him by this budget. If one compares the cost of living in 1949 with the last figure which was available on March 1 he will see that the purchasing power of a person earning $2,500 has gone down $263. In other words the effective buying power of people in that income group has been decreased already by more than 10 per cent. I think a further increase in income taxes on that group at this time is entirely unwarranted. There has been a reduction in purchasing power of $263; the Minister of Finance (Mr. Abbott) adds a further increase in the income tax for this year of $15 and for a full year of $30; and there is also the increase in the sales tax.

The low income groups in this country have no means by which they can pass on their income tax to someone else. By charging higher prices corporations can pass on all of the increase in the corporation tax. People in the low income groups, those on old age pensions, those with large families are the people that should be protected by this budget, but they are the people whom this budget has failed to protect. They are the people upon whom this budget forces an even lower standard of living.

There is nothing in this budget to encourage people to save. If a person bought a $1,000 bond in 1945 he finds today that his $1,000 is worth only $665. There is no

incentive in this budget for Canadians to save. As a result of this budget prices can only go higher. As a result of this budget a further penalty is placed on savings. To that extent this budget is certainly an inflationary budget.

Over the last number of years this government has brought in some excellent social security measures. While some of them did not go as far as we in this group would have liked to have them go, nevertheless this government sponsored and enacted many important social security measures. For example, on April 1, 1949, a couple of months before an election—that may or may not have had something to do with it—the government increased its share of old age pensions so that old age pensioners might be paid $40 per month. Two years after that date the government by its inflationary method of finance and its failure to impose price controls took back $3.43 per month from the old age pensioners. The purchasing power of that $40 is today only $36.57.

The late W. L. Mackenzie King took to himself and to his government, and rightly so, a great deal of credit for the family allowance legislation which came into effect on July 1, 1945. Those payments were intended to make a redistribution of purchasing power within Canada whereby those in the higher income brackets had some of their purchasing power transferred to those in the lower income brackets who had large families. I think the family allowance legislation was excellent, but the money that was paid to mothers in 1945 should have had some protection from this government. The government should not have allowed inflation to the extent that the $5 cheque is worth only $3.32 today, while the $8 cheque for older children is worth only $5.32 today.

For the last few years, and particularly last year, this government has allowed a redistribution of purchasing power by permitting a further lowering of the standard of living of those in the lower income groups. The weak in Canada, the old age pensioners, those who must depend to a considerable degree on the family allowance cheques, and persons on pensions of various kinds are in no position to protect themselves against inflation, are in no position to pass on the increased burdens of this budget. But the strong, those who are well organized in labour unions, are able to get increases in wages which to some extent may compensate them for the present inflationary prices. The great corporations of Canada which made more profit in 1950 than in 1949 are in position to load their increased corporation tax on the backs of the Canadian people. It is time that this government brought down a budget which would stop inflationary prices and protect the living standards of the ordinary Canadian people.

I wish now to refer for a moment to the South Saskatchewan river project. In every election for almost twenty years the prospects of the building of this dam with its consequent irrigation and power developments have been held before the people of Saskatchewan by the Liberal party. As a matter of fact every political party has supported this development. In 1947 an article appeared in the Saskatoon *Star-Phoenix,* which article was quoted on a previous occasion in this house by the hon. member for Lake Centre (Mr. Diefenbaker). This article read in part:

> It will be two years before construction work can begin on the South Saskatchewan river dam.
>
> That the South Saskatchewan project will be carried out, let no one doubt. Mr. Gardiner has committed the present government to the undertaking, according to a report of his speech at Lethbridge the other day.

It was to be two years from that date before construction could begin on that great project. That brings us to 1949. In the election campaign of that year the Minister of Agriculture (Mr. Gardiner) made many statements with relation to the advantages of the South Saskatchewan development project. He called upon the people of Saskatchewan to send to Ottawa an increased number of members of the Liberal party to sit with the government, and he said: By doing so you will ensure that the dam will be built. I should like to quote from the Regina *Leader-Post* of June 23, 1949, the report of a speech made by the minister at Lemberg. It reads as follows:

> "The South Saskatchewan project would provide cheap power and encourage building of industries in small towns, provide an incentive for young people to stay in this province. I think we have made a fairly good start now," said Mr. Gardiner. "Send us back to complete the job . . ."

They sent the Minister of Agriculture back to complete the job, and within a few months after the election during the first session in the fall of 1949 the minister said: Well now, the completion of this project will depend upon the province of Saskatchewan paying large sums of money towards its final completion. He even said at one point that he might hold a gun at the head of the government of Saskatchewan to the point where he would ask them to pay 50 per cent of the cost. As I understand the situation, the Saskatchewan government has now agreed to pay the share the Minister of Agriculture has said would be equitable. But even though Saskatchewan has agreed, the Minister of Finance in his budget speech has

apparently scuttled any prospects for the building of this very necessary project. The Minister of Finance has this to say at page 1801 of *Hansard*:

> We have paid particular regard to our expenditures on construction . . . Examination of the estimates for the Department of . . . Agriculture reveals very large reductions in their construction programs, notwithstanding urgent needs for expenditure of this kind, following twenty years during which works have been postponed, first for lack of funds, then for war, and finally, in recent years because of shortages of materials and labour.

There never was any lack of funds. In the depression days the government should have found the money, as it well could have, to build this project. The people of Saskatchewan did not complain when it was postponed during the war, but we have never admitted that there was such a severe shortage of materials and labour following the war that a start on the project could not have been made. Now we have the defence program taking, as the Minister of Finance says, only 10 per cent of the production of Canada, and the Minister of Finance has apparently squelched any chance there was of getting the South Saskatchewan development project started and finally completed.

I want to say to the Minister of Agriculture that, even though we in the west feel that he failed to obtain a satisfactory settlement from the government with respect to the five-year wheat pool, we do not want him to fail to obtain this very necessary project. I say to the Minister of Agriculture that if he cannot secure approval for the project from the government he should dissociate himself from the government and leave it. The project is so important to the welfare and rehabilitation of the province of Saskatchewan that at this stage the Minister of Agriculture should dissociate himself from his colleagues in the cabinet if he fails to have the project approved.

Mr. Knowles: Apparently he is not one of the big three after all.

Mr. Argue: Apparently not. The province of Saskatchewan has agreed to pay even its increased share of the moneys for this project, a share which the Minister of Agriculture did not spell out until after the election. In a letter to the Minister of Agriculture on February 10 the premier of Saskatchewan said that, if the federal government would agree to the proposal of the Minister of Agriculture, namely, that the federal government pay $68 million and the provincial government pay $33 million, the Saskatchewan government stands prepared to proceed immediately this year with the construction of the project. The Minister of Agriculture can no longer say that the Saskatchewan government is in any way responsible for the project not being started at this time. Whether we get the South Saskatchewan development project, with the possibility thereafter of irrigating 750,000 acres of land and developing 400 million kilowatt hours of electricity, depends directly on a decision of the federal government.

The estimates that might be used for this project have been decreased from a total of $2,770,000 to $2,045,000. It is clear from the estimates, together with the statement of the Minister of Finance, that the government has no intention in the world of building the dam in order to provide irrigation in south Saskatchewan at this or any other time. They have delayed the project from one time to another. They have found one excuse after another, and apparently they have found an additional excuse at the present time.

An hon. Member: They are waiting for the next election.

Mr. Argue: They will trot out the same old carrot on the stick in two or three years' time when the next election rolls around.

Mr. Knowles: The same dam.

Mr. Argue: I think we should view the project, Mr. Speaker, in the light of its actual cost to the government with relation to our defence program. I support the defence program. Nevertheless I believe that it is possible to construct the dam without in any way detracting from our defence program. In the estimates this year for the Department of National Defence our defence expenditures amount to $1,600 million. The total cost of this project is $68 million for the federal government, not to be spent all in one year but spread over ten years, or a cost to the federal government of less than $7 million a year, a cost of less than one-half of one per cent of our present defence program. If the government wished, certainly it would be possible to proceed with the construction of the project at this time.

I have always believed that the building of more tanks, guns, planes and ships is only one aspect of our defence program. Coupled with that there should be economic aid to the underdeveloped countries. According to this morning's press, 40 million people in India face starvation. As our share in the Colombo plan the government has earmarked $25 million. The government of India turned down the suggestion that part of the $25 million should be spent on the purchase of feed wheat from Canada. I do not blame India for thinking she might spend the $25 million to her advantage in some other way. But I say that the government should offer 100 million bushels of wheat as a gift to India, and other

backward nations in need of food, without any strings attached and apart altogether from the Colombo plan.

If we are to protect democracy in the world, and if we are to spread democracy to other nations, one of the things we must do, and soon, is provide food to the starving peoples of the world. We must help the backward and underdeveloped countries. If the government would go ahead with the irrigation project on the South Saskatchewan river we could greatly increase our production of foodstuffs. I believe $7 million a year spent on the construction of that project would be as valuable to Canada by way of providing for defence as any $7 million of the $1,600 million in the estimates for national defence. If we are to protect democracy we must see that the underdeveloped countries have technical assistance and that the starving peoples of the world are adequately fed. If we do that we can help protect ourselves against the inroads of communism; and as a part of our defence effort I suggest that the government immediately embark upon the development of the South Saskatchewan river.

Mr. Donald M. Fleming (Eglinton): Mr. Speaker, the remarks I propose to offer this afternoon will relate directly to the budget, both the proposals submitted by the Minister of Finance (Mr. Abbott) and the speech which accompanied them. The bare, hard facts of this budget are these, in a word. This year the government is proposing to take out of the pockets of the people $3,730 million; to spend $3,700 million, and at the end of the year have a surplus of $30 million. Of that total contemplated expenditure of $3,730 million we are told that defence will cost $1,664 million and the non-defence expenditures and supplementary estimates will account for the balance of $2,036 million.

The minister reported that in the year just closed he extracted from the pockets of the people $3,105 million; that he expended $2,902 million, and had a budgetary surplus of $203 million. In order to achieve his goal this year and take from the people $3,730 million he proposes now to apply new taxes and increased taxes which will yield revenues not of $3,730 million per year but of $3,900 million. Just two years ago, on the eve of the election of 1949, the minister was at great pains to see that the estimates then introduced should not amount to a sum as large as $2,000 million. Therefore the estimates for that year were conveniently put just a fraction below that figure, at $1,985 million, so that with characteristic window-dressing on the eve of the election the government might say it was not going to take an amount as large as $2,000 million out of the pockets of the people. Now this same minister expresses the fear of budgets of $4,000 million a year. What a change!

Let us measure the objectives of the Minister of Finance as disclosed in his budget speech. What has he sought to accomplish in the budget he has introduced? Well, we know what he is seeking to raise by way of revenue, and we have heard what he proposes to spend. What are the objectives he holds before parliament and the people in asking support for these estimates of revenue and expenditure? He has announced his objectives in these terms: "the pursuit of peace and the control of inflation." Let us then measure the proposals in the light of those announced or professed objectives.

As far as the pursuit of peace is concerned, I am sure there will be no haggling in this house about any necessary expenditures on national defence, as long as this house can be sure the taxpayers of the country will receive value for the money so spent. We will have to acknowledge that as the machinery of parliament is now constituted there is little effective opportunity for a parliamentary check on these vast expenditures on national defence; and, far from assisting parliament in devising new and improved procedures for checking these expenditures, the government has taken a sort of gleeful pleasure in defeating any constructive proposals put forward to that end. Apparently they do not want any assistance from parliament in surveying the expenditures they propose.

Then let us look at the other announced objective of the Minister of Finance, the control of inflation. Would that this budget might accomplish this end! Would that it could make some effective contribution toward combating the forces of inflation! It is evident that the government is not sufficiently aware of what those forces of inflation are doing to the budget of the average Canadian family. If you want a good measure of the extent of inflation, Mr. Speaker, I suggest that you turn to page 6 of the white paper tabled by the Minister of Finance, where you will find the figures on the gross national product taken first at market prices and then in terms of constant dollars on the 1935-39 basis. This will show that a good deal of the so-called "buoyant revenues" and a good deal of the so-called prosperity of the country have been simply a fiction of figures and a measure of the elasticity of the Canadian dollar.

In 1939 the gross national product, measured in those two ways, was almost equal in value. At market prices it was

$5,598 million and in constant dollars it was $5,523 million. Then we come forward to 1946. In that year the gross national product at market prices was $12,008 million, while in constant dollars it was only $8,902 million. In 1949 the gross national product at market prices was $16,382 million, while in terms of the constant dollar it was only $9,648 million. On the preliminary 1950 figures we are told that the gross national product at market prices was $18,000 million in round figures, but in constant dollars only $9,982 million, or barely more than half. That is the gross national product to which the government is wont to refer in glowing terms when trying to picture the present situation.

The minister has said he wants to balance his budget. I do not think a single member of this house will have any disagreement with that professed objective. We all wish to see this budget balanced this year; but we do not wish to see the minister building up big surpluses at a time when the cost of living is pressing with an ever-increasing, intolerable weight upon the average Canadian family. There was a time when the Minister of Finance (Mr. Abbott) talked in the terms that are used by those who believe in the theory of the managed economy, and when, under the same guidance, he apparently believed it was his function to siphon off purchasing power by budgeting for a surplus. We saw that in the way in which he resisted the legitimate demands for decreases in personal taxation. In presenting this budget he has not used the jargon of those who believe in the managed economy, but one can sense the presence of that theory pervading the speech.

Now, that leads me to make an observation on budget surpluses and accurate budgeting. I submit, sir, that the first duty of a minister of finance in submitting a budget is to give the house a true estimate, and as accurate an estimate as can possibly be devised, of the expected revenues accruing from the various fields of taxation. There must be no covering up. We will not expect any superhuman ingenuity in estimating revenue, but we will expect that there will be no attempt at covering up, either of fact or of theory. I am not suggesting that there has been any deliberate covering up here of a budgetary surplus in the figures the minister has put before us, but I do say that the best that can be said for the figures put before us in this budget, having regard to the record of these past five years, is that this budget, like its predecessors, contains the vice of inaccurate budgeting. In presenting this budget the Minister of Finance has been guilty, as in the past, of a chronic underestimation of revenues. With possibly one exception, sir, that has had a very misleading effect upon all budget debates in the last five years.

Inaccurate budgeting, sir, not only has a misleading effect on the house in leading the house into the approval of rates of taxation which are not justified to meet the legitimate expenses of government, but it also has a very harmful effect upon those who are charged with the management of the nation's finances. With budgetary surpluses rolling up during the year the inevitable effect upon the minister and his colleagues in the government, who are so often looking for opportunities of spending more money, is to create a loose attitude on their part towards expenditures. We have seen many examples of it.

When we are talking about budgetary surpluses, let us come down to the hard facts, and acknowledge that these budgetary surpluses do not reflect any credit on the Minister of Finance. They simply establish the fact that he has taken more money out of the pockets of the people, in most cases hard-earned money, than has been required to meet the legitimate expenses of government. If you want evidence, sir, of the loose budgeting that has occurred during recent years, let me give you some figures. These figures I am giving now are for the fiscal years ending on March 31, of the year I shall mention. In 1947, the minister budgeted for a deficit of $260 million. At the end of the year he turned up with a surplus of $374 million. He was just out $634 million in his calculations. In 1948 he budgeted for a surplus of $350 million. He turned up at the end of the year with a surplus of $676 million. In other words, he was out $326 million in his calculations. In 1949 he budgeted for a surplus of $549 million. He turned up with an actual surplus at the end of the year of $595 million. That year he was out $46 million. Then 1950, that is the fiscal year ending March 31, 1950, reflects the largess of this government on the eve of election. According to the previous pattern of budgetary surpluses the Minister of Finance budgeted for $202 million, which at the end of the year proved to be $131 million. He was out $71 million that year. You will notice that in that year the error is in the other direction, for this time he underestimated. Those of us who recall the way in which the government, during the election campaign in 1949, used public money to create good will for the government to serve its partisan purposes, will not have to look very far for an explanation of the budgeting error revealed in those figures.

In this year just closed on March 31, 1951, the Minister of Finance, even after he had an opportunity last September to revise his

budget estimates, announced an estimated surplus of $20 million. He turned up at the end of this year with a surplus of $203 million. Let me remind you, sir, that was after having provided $65 million of expenditure of an extraordinary nature recently that was no part of the original budget. He finishes up with a budget surplus of $203 million, and this $65 million is not the only expenditure of an extraordinary nature which the Minister of Finance incurred in the closing days of the fiscal year when he saw that he had this comfortable surplus.

If you will total those figures, sir, you will find that in round figures for the last five years the minister has been out something like $1,200 million in his estimates. The net average is about $240 million a year. If the Minister of Finance is running true to form this year, and there is no reason to think he is not, the budget surplus for which he now budgets, namely, $30 million, may be expected to turn out to be something like $270 million. On those figures, sir, there is no excuse whatever for any increase in the sales tax; there is no excuse for any of these increases in commodity taxes. There is very little, if any, justification for any increase in taxation at all.

What has the minister achieved by way of economies in expenditures, because he used some brave words about the necessity on the part of the government for reducing expenditures on non-defence items? Out of a total contemplated expenditure during this fiscal year of $3,700 million, the minister asks the house to regard as a great achievement on his part the fact that non-defence items have been reduced by $35 million as compared with last year. Poor little thing—$35 million! It is less than one per cent of the amount he is proposing to spend this year. That is the achievement of the Minister of Finance in carrying out all his brave talk about the way in which he was going to economize this year and reduce expenditures. Remember, if you will, that the reduction of $35 million on non-defence items was based on a comparison not with a year of slight expenditure but with a year of swollen expenditure, because in the fiscal year ended March 31, 1950, this country spent more than in any year since 1946.

We will not soon forget the brave words used by the Minister of Finance in this house last September 7, 1950, when at page 420 of *Hansard* he said:

> I can assure the house that this search for economies will be pressed forward, and that in preparing the estimates for next year a rigorous standard of essentiality will be applied.
>
> [Mr. Fleming.]

The result of those efforts is a reduction of less than one per cent in the total expenditure. What an accomplishment! What a triumph of labour on the part of the Minister of Finance! What ground for a due return of thanks to his colleagues that he offered in the course of his budget speech last Tuesday night!

Now, sir, when we are talking about economies and the elimination of extravagance in this budget, when we call for the squeezing of the water out of this budget of expenditures, we of the opposition say: Which would you rather have? Would you rather have some contraction of these expenditures, or do you prefer an increase in taxes, an increase in the sales tax, an increase in commodity taxes, an increase in the personal income tax? Well, the answer of the government is that apart from this trifling and inconsequential reduction of less than one per cent as compared with the total expenditure this year, they apparently prefer to soak the people of Canada with these new and greatly increased and oppressive exactions.

Where is the economy drive that the Minister of Finance so bravely talks about? Sir, it is abundantly clear that this government is impotent to undertake any serious drive directed at the elimination of extravagance. It is no credit to this government that when members of the opposition have been critical of the government because of extravagance and wastefulness, and when we have put forward concrete proposals for the establishment of machinery here that will give the house an opportunity of participating in this design of the economy drive, the government, as I said earlier, has taken gleeful satisfaction on every occasion in defeating those efforts. Here we are, still lumbering along in this house with this clumsy old procedure of committee of supply, with every member of the house a member of the committee. We still have the clumsy, awkward procedure that never gives any member of the house an opportunity of getting down to details of this problem in a way that would be possible if we had some up-to-date procedure in the form of a special committee of the house on the estimates. But the Minister of Finance will not have a committee of the house sitting on the estimates to give detailed scrutiny to those estimates. So far as the poor old standing committee on public accounts is concerned, it is not given an opportunity to do anything with respect to the estimates. It is to be compelled to be content with reviewing stale expenditures. So, sir, let us be perfectly frank. There is in the present machinery established by this

house no effective review of proposed expenditures. We might as well admit the fact, and the government, with its tyrannical use of its majority in this house, simply defeats our efforts to apply that effective scrutiny which those swollen expenditures demand.

Is there any extravagance? Well, sir, time alone prevents my giving in greater detail some of these examples of extravagance; but let me remind you of just one or two examples. Last year, my colleague, the hon. member for Kamloops (Mr. Fulton), put before the house the startling—yes, shocking—fact that expenditures on travelling, publicity and sundries in the estimates of that year totalled $49 million, exhibiting a startling increase year by year, as the government spending machine has demanded more and more oil. What do we find this year has been accomplished by the government in this so-called "economy drive" in relation to travelling expenses? Well, we find, sir, that the Minister of Finance reports an increase in the appropriation for travelling and removal expenses, going up from $27,786,602 in the year 1950-51 to a figure of $36,309,109 for this current fiscal year. Let me remind you, sir, that the figures last year included defence expenditures as well. If you take out the defence expenditures in both years you will still find that the contemplated expenditures this year by the government on travelling show an increase as compared with last year.

Is it not about time, Mr. Speaker, that some effective brake was applied to many of these expenditures, which cannot be justified in times like these when the government is making these huge impositions on the people? And yet, where there is this deliberate choice between soaking the people on the one hand, and effecting necessary reductions in extravagant expenditures on the other hand, this government's deliberate choice is the soaking of the people with more and more taxes.

Let me turn now to some of these proposals of increases in the already heavy load of taxation borne by the people of Canada, and let us especially measure these proposals in the light of the professed object of controlling inflation. Here we see an increase of 20 per cent in the personal income tax, and the Minister of Finance thinks that he is entitled to great credit for not having reduced the exemption below the present relatively low figures of $1,000 for single persons and $2,000 for married persons without dependents.

Let me remind you, sir, that when these exemptions were established two years ago the Progressive Conservative party in this house, and on the hustings in the election campaign that followed, demanded exemptions at that time of $1,200 for single persons and $2,400 for married persons. Measure today the burden of the increase in the cost of living on people of low means, and I think you have there a sufficient refutation of the claim of the Minister of Finance for any credit whatsoever for not having reduced these already very low exemptions.

Then he goes on to impose sweeping increases in indirect taxes. He proposes to take $3,730 million out of the pockets of the people this year as compared with what one might have thought was quite a heavy load of $3,105 million last year. Thus this year in the 11½ months which remain between now and the end of the fiscal year on March 31, 1952, the Minister of Finance proposes to take $625 million more out of the pockets of the people than the swollen sums that he took last year. Let us examine these indirect taxes, because the Minister of Finance has announced sweeping increases in the sales tax from 8 per cent to 10 per cent, and a sweeping increase as well in other commodity taxes in the form of excise taxes.

We say, sir, concerning these indirect taxes which are levied at the producer's level, that they are all subject to certain inherent vices. There has been no effort on the part of the Minister of Finance to grapple with these vices in announcing sweeping increases in taxes of that nature. He is going to go on taking more than 40 per cent of his total revenue this year in the form of these indirect taxes.

In the first place, sir, they are hidden. The people do not have an opportunity of measuring the extent of the taxes that they are paying when they buy things which have already been subjected to these heavy indirect taxes.

In the second place, these taxes pyramid as they pass from hand to hand. Several years ago I gave in the house an actual example of a manufacturer who sells his product at $1 a unit. He adds the 8 per cent sales tax. He sells to the wholesaler. The wholesaler adds his 20 per cent mark-up, not only on the $1, but on the 8 cents tax as well. It passes on to the retailer, who in turn adds a 50 per cent mark-up, not only on the tax, not only on the mark-up on the tax, but on the 50 per cent mark-up on the mark-up on the tax.

Consequently, in that case what the consumer pays is not 8 per cent, but 14·4 per cent. And if by chance there should be one other hand in the process through which those goods pass, for instance a jobber, the

poor consumer will pay, not simply as in the case I gave, a mark-up on the mark-up on the tax, but he will be faced with a mark-up on the tax, plus a mark-up on the mark-up on the tax, plus a mark-up on the mark-up on the mark-up on the tax.

What does the Minister of Finance (Mr. Abbott) say about all that? He not only accepts the process, but he wants to go on and increase the tax. In that way, by an increase in the tax at the source, you will find that the spread, the pyramiding, will increase greatly. It will be far more than in the case I gave, from 8 per cent to 14·4. In that case the increase will spread by the additional 25 per cent to 18 per cent.

That brings me to an observation concerning taxes of this kind, that the government gains less than the consumer pays on account of the tax. The government does not receive in that case 14·4 per cent. Under this shocking tax the minister will not be collecting 18 per cent. No, he will receive 10 per cent, as in the former case he received just 8 per cent. And what justification can there be for taxes of that nature, where the government gets into its coffers far less than the consumer has to pay on account of the imposition of the tax?

Those are weighty enough reasons in normal times, but in a time of inflation, surely this is far from being a time when taxes of this nature should be increased. It is a time when, if the government were really serious in trying to combat inflation, it would be reducing taxation of that kind. And I say to you that the sales tax in this budget ought to have been reduced, if the government really meant seriously to confront the problem of inflation with a series of effective measures.

The fourth vice of the hidden tax, which is so objectionable at a time like this, is that the government inevitably increases the cost of the goods, but it does not create any more goods in the process. It simply intensifies that process of inflation which has been described as too many dollars chasing too few goods. This kind of taxation does not create any more goods; it simply increases the cost of the goods.

Now, do you recall the year 1935, when the late Mr. Mackenzie King went up and down this country during the election campaign of that year and, as reported in various dispatches of the Canadian Press, denounced the sales tax in these words:

> That iniquitous tax which presses alike on the rich and the poor.

"That iniquitous tax"—do you heed those words? And yet the Minister of Finance today is proposing an increase in that iniquitous tax.

When the late Hon. J. L. Ralston as minister of finance, on June 24, 1940, came to make his budget speech, he dealt with the subject of the sales tax in these words:

> We realize that increases in indirect taxes disguise the burdens imposed by the war but they are much more likely to distribute these burdens harshly and unfairly.

And what Mr. Ralston had then to say about the burden of war taxes can be applied with equal force and validity today to these increases in taxes necessitated by the expansion of our defence program, as well as by the government's inability to curb its own vaulting extravagance.

When Mr. Ilsley in the following year made his first budget speech, on April 29, 1941, he said this:

> An increase in the sales tax has, I think, been fairly generally expected. At least, there are evidences of a good deal of buying in anticipation of such an increase. This tax, while comparatively easy of administration and collection and extremely productive, has marked defects as a fiscal instrument. After extended consideration, we decided on balance against any increase. In coming to this decision, we were not forgetful of the problems of agriculture, which would have been intensified had the sales tax been raised.

And, sir, by the increase in the sales tax today, following Mr. Ilsley's sound reasoning, the burden which agriculture is unfairly being called upon to bear today will thereby be intensified.

Then Mr. Ilsley had something further than that to say in peacetime, because when he brought in the budget on October 12, 1945, he had this to say concerning the sales tax:

> I have been impressed also with the extent to which the sales tax is having a discouraging effect on the rapid and efficient modernization of our productive equipment.

And later on he says:

> Particularly we should remove those taxes which, imposed far back in the production process, increase costs out of proportion to the contribution which they make to the revenue.

Mr. Speaker, could you have more effective indictments than those of the sales tax, in general, and thereby of the proposals the Minister of Finance has put before the house that those burdens should be intensified now, and that the iniquities of these indirect hidden taxes should now be multiplied? The Minister of Finance should be called upon in this house to withdraw his proposal for this 25 per cent increase in the sales tax. At a time when people are having so much difficulty in purchasing clothing, boots, shoes, shirts, furniture, let us remind ourselves that these necessities of life are subject to the sales tax, and that that tax is going to be

greatly increased. The Minister of Finance could not have done worse than he has done in this proposal.

And, sir, his proposals with reference to commodity taxes are open to the same kind of objection. I wish I had time to review them; but what he has done, apparently, is to choose out many things that are necessities for most people, and to pass over such things as liquor, in the process. He has fastened on things like irons and ironers, electric kettles and electric toasters for an increase from 15 to 25 per cent in the tax which was unfairly imposed upon them last year.

He goes farther, and he applies that tax, now increased to 25 per cent, to a range of articles which were not subject to it before, including clocks and watches, fountain pens, luggage, shopping bags—with the exception of paper ones—and I suppose we will all be carrying paper shopping bags soon, under this budget. It includes cameras also. There has been no attempt in the budget to distinguish between articles that are expensive, and thus extravagant, and articles which are not expensive, and are necessities for people in every walk of life.

He comes along and imposes a new 15 per cent tax on electric stoves, hot plates, washing machines and refrigerators, thereby inevitably increasing inflation and casting further heavy impositions upon young married people.

While at the same time he makes a great to-do about reducing the tax on candy and soft drinks, let us look a little further and heed the effect of the sales tax. I read in a dispatch from Toronto, as reported in the *Globe and Mail* of April 13, that a board of education committee meeting was told by business administrator Fuller that the increase to 10 per cent from 8 per cent in the general sales tax would add $4,000 to the price tag on classroom supplies, such as scribblers and pencils.

Now, can you imagine anything more utterly foolish than to heap all these exactions on the things that people have to buy, and thus intensify the unfairness of a tax which bears more heavily, relatively, on people of small means?

And sir, in measuring the inflationary effect of the budget, and the futility of the policy of the government, let us not forget that there are already rumblings of demands for a general wage increase, as a direct result of these burdensome impositions.

There is another aspect of this matter to which I should like to refer. At the dominion-provincial conference the government came forward and apparently agreed to an amendment to the constitution to give the provinces the right to levy a 3 per cent turnover tax. While that matter was under discussion, while negotiations were proceeding between the dominion and the provinces; after giving the provinces to understand that it would facilitate an amendment to the constitution to permit them to levy that objectionable kind of tax, this government now comes forward and slaps on a 2 per cent increase in the sales tax from 8 to 10 per cent. They beat the provinces to the gun, and have made it that much more difficult for the provinces, even in the unfortunate event that there should be an amendment to the constitution permitting them, to impose such a tax. This government has made it virtually impossible for the provinces, having regard to the actualities of the taxing situation, to use that taxing power, for that would mean an increase from 8 to 13 per cent in these taxes levied at the consumer level, or a total increase of 62·5 per cent in this kind of tax as a result of these measures of the government. In that way I say that the government has broken faith with the provinces.

There are just two more matters I should like to discuss. I wish to say just one word on the subject of personal savings. I am sure that there never was a time when it was more desirable that people should have the opportunity of setting aside personal savings. As under the inflationary heat they watch their savings in the form of life insurance melt away, they need more savings with which to buy more insurance in order to protect themselves and their families. At this very time the Minister of Finance reports that last year there was a drop of $270 million or 30 per cent in the total personal savings in Canada. That is a most significant decrease when you consider that the national income in terms of the same kind of dollars has been rising rapidly. The budget is going to take another $625 million from the personal savings of the people, which last year were just $645 million. Unless there is some relief for the people, unless the figures change, unless there is an increase in savings or some relief so that they may increase their personal savings, this budget is going to take all of last year's total personal savings in Canada, less $20 million.

I say in conclusion that if the purpose of this budget was to stimulate inflation, the minister could not have done a more effective job. On the other hand, if his purpose was, as he professes, to control inflation, he could not have done a much worse job. This budget and these taxes will intensify inflation. They will accelerate inflation. They abet inflation.

They share in inflation. This budget profits by inflation. This budget was conceived in inflation, and it proposes to live on the avails of inflation.

Mr. F. D. Shaw (Red Deer): Mr. Speaker, my first remarks of this afternoon will relate specifically to the financial proposals contained in the minister's budget. After having completed that reference I intend to deal with the Canadian coal mining industry, which industry at the moment is suffering considerable stress and strain. After having listened to the speeches delivered yesterday by the three opposition leaders I am forced to conclude that there is actually little left to say with respect to the principal weaknesses in the budget unless I am to indulge in rather prolonged repetition.

Hon. members will appreciate that because of the arrangements for speaking in this house the financial critic of the official opposition is placed in the position of being able to move an amendment if he so desires. The second speaker is the leader of the C.C.F. who is in position to move a subamendment, which was done in this case. That leaves us in the position where we are not able to move an amendment even though we should desire to do so. Even when a decision has been rendered on the amendment and subamendment we are still prohibited under the rules from moving an amendment.

I should like to turn for a moment to the amendment moved by the financial critic of the Progressive Conservative party. This amendment asserts in its first paragraph:

> The proposals of the Minister of Finance are unsatisfactory because they will inevitably increase the cost of living for all and especially for those least able to bear it.

My leader indicated in the course of his remarks yesterday that that is the conviction which we hold. The second paragraph asserts:

> This house condemns in particular, as inflationary, the increase by 25 per cent of the general sales tax and is of the opinion that the increase is unnecessary and unwise.

In the course of his observations my leader indicated that we concur in those observations. The third paragraph reads:

> This house further condemns the heavy increase in excise taxes on certain essential commodities and is of the opinion that much of the government's proposed huge increase in taxation is due to its own extravagance.

Before a decision is reached on this section I should like to have one or more Progressive Conservative speakers elaborate upon that reference to extravagance. I realize fully that it is an easy reference to make, but I would feel much better if the subject could be elaborated upon by a subsequent speaker. The fourth clause reads:

> The house regrets the failure of the government to take effective steps to deal with profiteering.

We concur fully in that. The leader of the C.C.F. (Mr. Coldwell) added a further clause to that amendment, reading as follows:

> This house further regrets the failure of the government to exempt from the proposed 20 per cent defence surtax the incomes of single persons up to $1,500 and the incomes of married persons up to $3,000.

We concur in that. If the exemptions which prevailed prior to the very substantial increase in the cost of living were just, then it is particularly proper that we should press at this time for the raising of those exemptions. When I examine the budget I am personally convinced, be the facts what they may, that it was thrown together in a hurry. It reminds me very much of the housewife who is an afternoon bridge addict and who discovers about five minutes to six that her husband will be home from work almost immediately after six o'clock and it will be necessary for her to rush home, slap some things together and call the result a dinner. That is the impression I cannot help but take out of the budget.

The minister has asserted that his purposes are twofold: First, to raise money to meet government expenditures and, second, to use financial methods as an economic weapon designed to influence and control the factors working upon the economy. In simple language, it was an attempt to curb the inflationary trend.

Obviously the minister had in mind the killing of two birds with the one stone. The minister's almost savage bites at income, and let us not forget for one moment that he sank his teeth deeply into moderate incomes, is designed to siphon off enough purchasing power to reduce prices. I am personally convinced, as has been said by previous speakers, that the things which he has done must inevitably have a completely opposite effect to that which he seems to desire. The sales tax has been characterized as being iniquitous. Knowing the hon. member for Eglinton (Mr. Fleming) as I do, I rather fancy that if he had not been quoting when he used the word "iniquitous" he would have found some much more effective and appropriate language with which to describe it. If I were anywhere except here I believe I could think without any difficulty of appropriate language with which to describe the increase in the sales tax. The increase of 25 per cent will certainly aggravate the position of the low and middle income groups.

The excise tax on washing machines, stoves and refrigerators is like a twisting and grinding foot that has been on the throat of the ordinary man for all too long already.

After having increased the burden of costs on the low and average income groups by increasing the sales tax and by imposing an excise tax on additional commodities, the minister then deliberately hit below the belt by imposing an additional 20 per cent surcharge on income tax. I think that the Canadian consumers, particularly those in the low or middle income groups, can quite properly cry foul. However, since the minister is not only the offender but the referee the little fellow can only cry foul in vain. Actually the whole budget represents nothing more or less than a kick in the teeth of those who during the past several months particularly have laid such emphasis upon the rapidly increasing cost of living which, as has been stated by my leader more than once, is undermining the health of many Canadian people, is lowering their morale, and could in effect actually threaten Canada's defence effort.

Because of higher taxes, because of higher living costs—and they are certainly going to be higher as time goes on—it is inevitable that organized labour and others will demand higher wages. Let us make no mistake about it. The result is certainly bound to be a swamping of any good purposes which the government may have had in mind, or hoped to accomplish, as a consequence of the budget. Obviously the government and the Minister of Finance have found it desirable to either overlook or forget that fact. It was said by the Minister of Finance that the sales tax does not apply to so-called staple foods. It is argued that because of this it will not increase costs for a good many people. May I ask the minister this question? Even though for the sake of argument, we were to accept his view that it will not increase costs, can he say that it will decrease costs to the Canadian people? His answer could not be yes under any circumstances.

As I have stated once or twice already, it is going to increase the cost of living of the average family in Canada. While still referring to the sales tax, I might say that I received a communication from one of my constituents only today. It is not often I get a request that entails so much difficulty in the preparation of an answer. This chap submitted this to me and asked me to comment. I cannot comment so I am going to put it on the record and let the minister or the parliamentary assistant to the minister do so. He refers to the sales tax as part of a vicious circle or, as he calls it, part of the house which Abbott built. He says that first you have the sales tax. Then you have the rise in the cost of living to pay the sales tax. Then, he says, there is a demand for higher wages to meet the rise in the cost of living to pay the sales tax. Then, he says, there is the granting of the demand for higher wages to meet the rise in the cost of living to pay the sales tax. Then he says there will be an extra issue of money or more taxes to meet the granting of the demand for higher wages to meet the rise in the cost of living to pay the sales tax. Then he says there is likely to be devaluation of the extra issue of money to meet the granting of the demand for higher wages to meet the rise in the cost of living to pay the sales tax. Then he says there must be, according to his way of thinking, another sales tax to—or has Mr. Abbott's house by this time collapsed?

I hope that either the minister or his parliamentary assistant will indicate to me some time during this debate whether this man's thinking is right or wrong, and if it is fallacious I should like to know in what respect. Certain of these so-called non-staple goods include tea, coffee, cocoa, mustard, relishes, prepared household beverages, vinegar, flavouring extracts, sauces and so forth. The minister knows as well as all other hon. members of the house know that, while we cannot properly categorize these things as staples, they are found on almost every table at each and every meal. In effect they have become staples. They are to be taxed, and the tax is to be heavier as a consequence of the 25 per cent increase in the sales tax.

It was said in the house yesterday that certain merchants have taken advantage of these tax increases to extract from the Canadian people actually more than the new taxes represent. There is no denying that fact. I would be the first to admit that most merchants are perfectly honest. However, there is evidence that in some cases not only is the tax which has been imposed larger than that which the increase actually represents, but certain merchants impose the taxes on goods which they had in storage in large supply, and the government cannot possibly benefit as a result of the additional tax upon them. The Canadian consumer, however, is bound to suffer as a result of prices going up when it was not necessary for them to do so. Where definite evidence of that sort of thing can be found I think that action should be taken to impose penalties.

Since the minister delivered his budget statement, I have read a number of statements such as the following: It could have

been worse. Certainly it could have been worse, but in my opinion that is a poor standard by which to judge. It is very much like a doctor saying to an individual: Brace up, my friend, you have chicken pox; it could have been worse; it might have been smallpox. My opinion is, and has been right along, in spite of everything contained in the budget, and in fact because of certain things contained therein, that certain effective action must be taken by the government now to stop the ever-spiralling cost of living. We must remember that, at this very time when we are presumed to be developing a defence program within our nation, at a time when we are presumed to be developing security measures designed to combat sabotage within our country, at this very time when we are participating in external conflict outside of our country, at a time when we are supplying arms to those who, with us, desire to preserve the democratic concept of life, we are doing other things which can in effect destroy our entire effort to make the maximum contribution toward the preservation of democracy.

Yesterday the financial critic of the Progressive Conservative party quoted Stalin's reference to currency. I think there are numerous quotations which could be taken from communist propaganda and which would be just as effective. Karl Marx, who together with Engels produced the communist manifesto, stated more than one hundred years ago that there was only one way to kill capitalism; that was by taxes, taxes and more taxes. Had he been dealing with the situation today he might have said crazy taxes and crazier types of taxes, because that seems to be the trend in our country.

I appreciate that a substantial portion of the taxation now imposed results from obligations which arise in connection with the defence of our country. The other day I asked the Prime Minister (Mr. St. Laurent) if it were the intention of the government to set up a defence expenditures committee, comparable to the war expenditures committee which served during the war and to the war expenditures and economies committee which functioned shortly after the war. In view of the fact that we intend to spend $5,000 million for defence purposes over the next three years I am convinced it is absolutely imperative that a committee of this kind be set up without delay. I am not favorably disposed toward referring this matter to the public accounts committee, but I will not elaborate on that point.

Yesterday the hon. member for Rosetown-Biggar (Mr. Coldwell) made reference to small loan companies. I had intended to refer to those companies myself, and had good reason for doing so. When certain credit restrictions were adopted, I understand voluntarily in part, the small loan companies across the country became as active as beehives. As a matter of fact I rather feel there may be some intrigue in high places. During the Easter recess two cases came to my attention, and without mentioning names I should like to indicate to the house the nature of those cases. One man wanted to expand his small business, and negotiated a loan from a chartered bank. He was advised that the money would be available, but before he had an opportunity to use it he was advised that "due to government regulations" they had to withdraw the loan. Within two days the manager or a representative of one of these small loan companies approached this man and said, "We hear you require $2,000. We are in a position to make the money available to you." Where did that man get his information? Only two men knew about this, the businessman and the bank manager. There may be some significance in the fact, as he said to me, that these small loan companies can compound their interest to the point where the borrower is paying 18 per cent. It could be that there is connivance between these financial institutions.

That is as far as I am going, except to say that recent statistics indicate that the loans made by small loan companies have multiplied in recent months. Many young people maintaining their own domiciles and experiencing acute difficulty in living on their present incomes are going in and mortgaging their furniture and their cars, if they have cars, in order to borrow from small loan companies and get by what they think is a temporary condition, but which I am afraid is going to be anything but temporary. As a consequence I fear that many of these families are going to be completely destroyed economically. That is all I intend to say on this matter at the moment, but I would suggest to the minister that this aspect of the situation be checked rather carefully.

I mentioned earlier that I desired to refer to the question of coal. I do so because, as I also said, the coal mining industry in Canada is suffering great stress and strain today and if appropriate action is not taken without delay the situation is likely to become far more acute. I come from a province in which is found approximately 92 per cent of Canada's coal reserves, and I represent a constituency in which coal mining is an important industry. Speaking in the house yesterday, the hon. member for Cape Breton South (Mr. Gillis) expressed certain of his

fears, and I can sympathize with the way he feels. He referred to the export of gas from Alberta to central Canada and the detrimental effect he thought that might have upon the coal mining industry and the general industrial development of the maritimes. The hon. member also registered opposition to the development of the St. Lawrence seaway project, for very similar reasons.

I am not referring to these measures for the purpose of criticizing what the hon. member had to say. I believe he is quite right to feel as he does, but I cannot agree that we should give up any idea of exporting gas and oil to central Canada, nor can I agree that we should permit the St. Lawrence project to remain undeveloped. In my opinion these things need not have a detrimental effect upon industry either in the maritimes or anywhere else, but certainly steps will have to be taken in order to obviate what could occur if we just continue to drift. As I say, I come from Alberta, where we have had tremendous gas and oil developments particularly since 1947; yet in that same province we have a tremendous coal mining industry. When I tell you that we have 92 per cent of Canada's coal reserves there; then when I tell you that last year we produced 27,595,702 barrels of crude oil; when I tell you there are 2,088 producing oil wells in Alberta—775 being at Redwater, 548 at Leduc, 329 at Turner valley and 446 in other areas; when I tell you there are 401 gas wells producing; when I tell you there were 59 million acres of crown and privately-owned land under exploration in 1950; when I tell you there were 127 drilling rigs in operation last year and that in 1950 alone they drilled over 820 miles of wells: then you will realize why the coal miner in my province is a bit exercised about what could conceivably happen to him.

I do not hold the fears some people seem to have. In the first place, as I say, I cannot believe that we should even think of retarding progress. I am not unmindful of the fact that when the generation of electric energy was undertaken in volume a great many people felt that it would result in the destruction of not only the coal mining industry but other industries within the country. I am particularly pleased that we have had this gas and oil development. As a matter of fact, even though there are coal mines in my own constituency I do not hesitate to assert that I have joined with others in pressing to have gas brought into my town. I know that it is cheaper than coal; I know it is cleaner to handle; and I know it is easier to handle and regulate in connection with the heating of my house. At the same time, I must say that we in Canada must concentrate upon the development of new markets for Canadian coal. There are parts of Canada which could not conceivably be supplied with gas. We must determine new uses for coal—as a matter of fact, the word "determine" is not a good one. We already know uses to which coal can be put. We must undertake the extraction of the products that can be derived from coal when it is broken down. Moreover, if there should be a decline in employment in the coal mining industry as a consequence of the development of gas and oil, then certainly every opportunity must be provided to enable the coal miners to become established in other fields of employment.

Mr. Speaker, I should like to mention a few more things about coal. In Alberta there is an estimated 100 billion tons, and yet in 1950 there was actually less coal mined than in 1949. I know that the big Brazeau collieries at Nordegg in my own riding were inoperative last year owing to a tragic fire which destroyed their surface workings, and that contributed to the decrease in production. Two or three other factors contributed to it as well. During that same period, however, we imported more coal from the United States into central Canada than ever before. I have heard arguments about United States coal being cheaper. I have heard arguments about its being cleaner. But if we require this product some time during a period of national stress, and imports are cut off, cheapness and cleanliness will not be of much consequence.

Last year there was a decrease of almost half a million tons in coal production in the province of Alberta. Actually, four mines in the Drumheller valley were closed. There is a bright spot, though, because in January of this year coal production was 807,456 tons as compared with 761,157 tons last year. We have had government subventions paid on the delivery of western coal. There has been a maximum rate of $8.40 a ton, with a subsidy of $2.50 a ton. It was only recently that we encountered a further increase in freight rates on coal from western to central Canada. There was an increase of $2.35 per ton. We are told that at this time next year the same thing is going to happen. Mr. Speaker, it has been estimated by reliable authorities that by next year, because of our inability to find other markets, because of our failure to take proper action in connection with freight rates, because of the development of gas and oil, the production of coal in Alberta is likely to be two million tons less than in 1950.

This would mean two things. Many mines will go out of business, and it is proper for us

to realize at this time that you just cannot allow coal mines to go out of business, then expect to have them start up again overnight. Every time a coal mine closes, it could well be a permanent loss so far as the industry is concerned. There are 10,000 miners in my province, and 75,000 people dependent upon the industry. It is a fight for survival. The loss of the two million tons to which I referred a moment ago is computed as being the margin of profitable operation. If we do not expand our markets, and production should fall by two million tons, it is conceivable there will be a collapse of that industry in that part of Canada. As Canadians, we cannot afford to allow the coal mining industry to be smashed. This is especially true when we are in the shadow of war, and may be in the shadow of war for a long time. It is equally true when we consider the vulnerability of our oil and gas fields, as well as the vulnerability of the refineries and pipe lines.

At the moment there is an acute shortage of power in the country. Surely, there is a market for a tremendous amount of coal, even low grade coal, if we expand our power developing industry in this country. The United States has been concentrating upon this for some time. They claim that they produce electrical energy more cheaply this way than by any other. Mr. Speaker, it all resolves itself into one very important factor. In referring to that important factor, I might well quote what the premier of Alberta recently had to say about this subject:

> The production of coal in 1950 amounted to 3,118,206 tons, valued at $41,631,579 as compared with 3,616,981 tons, valued at $44,541,538 in 1949. This decline is at least partially due to the stiff competition which the coal industry is facing from oil and natural gas. The principal consumers of Alberta's bituminous coal are the two transcontinental railways and their program of conversion to oil burning and diesel locomotives makes it imperative that other markets for bituminous coal be developed.
>
> The railways have announced that on March 31, 1951, the special freight rate of $8.40 per ton on Alberta coal moving to the Ontario market will be cancelled. The so-called normal tariff is $13.10 a ton and the railways propose to re-establish such rate by means of two increases—one of $2.35 per ton effective March 31, 1951, and a second similar increase effective a year hence. This will render substantially more difficult present efforts to establish an eastern Canadian market for Alberta coal and emphasizes the need for a national fuel policy designed to open Canadian markets to Canadian producers.

What I was coming to, Mr. Speaker, is that Canada requires a national fuel policy. May I call it six o'clock?

At six o'clock the house took recess.

[Mr. Shaw.]

AFTER RECESS

The house resumed at eight o'clock.

PRIVATE BILLS

SECOND READINGS—SENATE BILLS

Mr. H. W. Winkler (Lisgar) moved that the following bills be read the second time:

Bill No. 170, for the relief of Viola Rupert Moran.—Mr. Winkler.

Bill No. 171, for the relief of Philip Rosen.—Mr. Winkler.

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

Mr. Gagnon: On division.

Mr. Speaker: Carried on division.

Motion agreed to on division and bills read the second time.

CANADIAN LEGION OF THE BRITISH EMPIRE SERVICE LEAGUE

Mr. David A. Croll (Spadina) moved the second reading of Bill No. 190, respecting the Canadian Legion of the British Empire Service League.

Mr. Brooks: Is the hon. member going to explain the bill?

Mr. Croll: Mr. Speaker, this bill is presented on behalf of the Canadian Legion of the British Empire Service League. I am not going to say very much about the organization, which is very well known in this country. It is a very important and a very influential organization of war veterans which reaches into every home in this Dominion of Canada.

It is a very simple bill. Its purpose is to make three changes in the act. When these changes are made the objective will have been attained, which is further to democratize the Legion. At the present time the bylaws and regulations of the Legion can be amended by the dominion executive. When the bill came before the house in 1948 some members were critical in a kindly way of that particular aspect of the bill. This bill will no longer empower the dominion executive to pass bylaws and regulations, but rather will leave it in the hands of the dominion convention.

In addition to that, it proposes to give the provincial conventions the right to enact bylaws and rules governing their own command, provided that those bylaws and rules are not inconsistent with nor contrary to any passed by the dominion convention.

Its third purpose is designed to protect the badges, insignia, and regalia against use by

persons other than those authorized by the Legion. This house will appreciate that no outsider should be permitted to capitalize on the goodwill and the reputation which the Legion bears in this country. That is all there is to the bill. I trust that it will appeal to members of the house and that we shall be able to pass it tonight.

Mr. A. J. Brooks (Royal): Mr. Speaker, it is not my intention to oppose this bill in any way. I think it will meet with general acceptance so far as the house is concerned. It is a bill which has been before the other chamber, and I understand that it was recommended by the committee of the other chamber without any amendment.

The hon. member for Spadina (Mr. Croll) has said that the original bill as now being amended was before this house in 1948. At that time there was considerable debate on the different sections of the bill. I think that this bill corrects some of the matters which it was felt at that time should be corrected.

I should like to say a few words, Mr. Speaker, with reference to the Legion and its organization. Before 1948 I understand the Legion was organized under the different provincial companies acts, and we are not surprised that an organization of its size and extent should look for a dominion charter.

The Legion has had tremendous growth. As we all know, it started after the first world war, and then of course after the second world war it practically doubled its members. I understand that there are over 2,000 branches in Canada today, and I believe it has a membership of around 400,000. Its members consist of ex-soldiers who fought in the South African war, in the first world war and in the second world war. Now we have men who are fighting in Korea who will also be eligible for membership in the Canadian Legion. Therefore we can realize what a large place the Legion has in the life of this Dominion of Canada.

I think that the success of the Legion since its inception has been due mostly to the calibre of the men who have been directing its destinies. One has only to mention such men as General Turner, General Currie, General Crerar, General LaFleche, Brigadier General Ross, General Price, Alexander Walker and men such as those, and last but not least, our present president, Alfred Watts. These men have been outstanding not only in the Canadian Legion but in other walks of life in this country of ours.

I should like to pay tribute, if I may, to some of the secretaries of the Canadian Legion. As I remember, when I first came to Ottawa—and I am sure that other hon. members who attended the different veterans committees will remember—Mr. Reg. Bowler was untiring in his efforts for the advancement of returned soldiers at that time. We had the late John Herwig, who also used to appear before our veterans committees. I should like to pay a special tribute, Mr. Speaker, to a gentleman who passed away here just last month. I refer to the late Richard Hale. He was known as Dick Hale. I remember Richard Hale attending all the meetings of the veterans committees of this house since 1935, and he was attending meetings before that. Dick Hale, as we knew him, was on the staff of *The Legionary* for ten years. He wrote the page called "The helping hand". For thirty-three years he worked for the disabled veteran. I do not think there was anyone belonging to the Legion or outside of it, Mr. Speaker, who had a better knowledge of the Pension Act or the other acts which refer to the soldiers' welfare than had Richard Hale. A recent article in *The Legionary* said that he had handled over 20,000 individual claims for different returned men; therefore thousands of men have reason to be very thankful indeed to the late Richard Hale.

I should also like to say that in my opinion, Mr. Speaker, never in the history of this country have we had such a splendid organization as the Canadian Legion is. The Legion, as we know, stands for practically all that is best in this country. They have worked and are working untiringly for the betterment not only of returned men but of our country in general. At this time, when it is necessary to consider pensions, and matters connected with the cost of living, the hospitalization of veterans, as well as the question of manpower and of civil defence, we know that all these matters are receiving very careful attention from the Canadian Legion.

I am also very pleased indeed that such a powerful body as the Legion is non-political, and I hope this is something the Legionnaires and the organization generally will guard jealously.

The hon. member for Spadina (Mr. Croll) mentioned that it was an exclusive organization. As I said a moment ago, only those men who served in the South African war, or in the first or second world wars, are eligible for membership. Members of the Legion are proud indeed to belong to that organization and to wear its insignia. I am sure it is for this reason that in the bill there

is a section which will guard even more carefully the insignia of the Canadian Legion.

It is not my intention to say anything further. I am satisfied that the bill, coming as it does from the Legion, will meet with the approval of the house. So far as I am concerned, I am very pleased indeed to give it my approval.

Mr. O. L. Jones (Yale): Mr. Speaker, I should like to join with previous speakers in paying my respects to the Canadian Legion, and its work in Canada. It is not often one has the opportunity to speak in the house about this organization, because it very rarely comes to the house with any request beyond those affecting pensions, or other matters handled through committees of the house.

I consider the Canadian Legion one of the greatest stabilizing influences in the Canadian economy and way of life. As a non-political organization, and working as it does through its committees in every town and village in the dominion, people perhaps are not fully aware of its work in those communities.

I should like to pay tribute not only to the secretaries in those branches but to the executive committees, men who not only give their time night after night to looking after the welfare of their fellow returned soldiers, but take an interest in the welfare of the whole community.

The bill aims to make the Legion still more democratic in its operation. In my view it is an advance to have dominion conventions make changes. I was wondering however if in the new section 15 there is not some weakness. We see that it says that no person except the Legion, or a person authorized in writing by the Legion, shall do certain things. My suggestion is that the meaning of the word "Legion" should be defined. Is it the provincial command, the dominion command, an individual club or a group that may be operating as a Legion in some small town?

I believe if the term is defined we will be further ahead than we are at the present time, because we know that certain local clubs have initiated drives—and I shall not mention the kind—which have not met with the approval of the command itself. As the act now reads, with the full blessing of the law a branch could carry out what is distasteful to other branches, or to the Canadian Legion command. I would ask the sponsor of the bill if he has thought of broadening the definition so as to clarify this situation. I am satisfied it is the wish of the Legion to keep the same control over its operations, and to prevent individuals or small groups from exploiting the good name and the insignia of the organization.

[Mr. Brooks.]

I am one hundred per cent behind the idea involved in the bill, and before closing my remarks I would ask for further clarification of that section. In the name of the people in my riding I pay the highest possible tribute to the work of the Canadian Legion in that part of Canada, where it has been operating for the last twenty-five years, since its inception.

Mr. Victor Quelch (Acadia): Mr. Speaker, I should like to join with other hon. members in praising the very good work of the Canadian Legion. They are a great stabilizing force in times of peace and war, and they provide an agency to which any veteran may take his grievance, in the full knowledge that the Legion will do everything within its power to see that such grievances are redressed.

I recall that when the bill to incorporate the Canadian Legion was before the house in May of 1948 several members objected to section 5 on the ground that it provided for an undemocratic procedure in that the executive council would have the right to repeal bylaws or rules when the dominion convention is not in session.

At that time I did not oppose the section because I felt that, in view of the fact the Legion had asked for the enactment of the legislation and the request had come from the floor of the convention, the Legion knew best what it wanted. On the other hand I am glad this amendment is before the house, making provision that the bylaws can be repealed only by the convention instead of by the executive council. I also note the amendment provides that no person except the Legion shall have the right to manufacture, distribute or sell Canadian Legion insignia or emblems or badges. This is only right because it provides employment for veterans. I recall some years ago a most unpleasant incident in connection with poppy sales. We have always looked upon the manufacture of poppies as providing employment for veterans; yet at that time we found that a large number of poppies had been manufactured in Japan and sent to this country for sale. That certainly did not meet with the wishes of the people.

In the same way, I think it is desirable that the manufacturing of insignia should be carried out by veterans. It provides employment for disabled and blind veterans. Therefore I say the amendments in the bill merit the support of the house.

Mr. J. A. Ross (Souris): Mr. Speaker, I should like to add a few words to those already expressed on behalf of the Canadian Legion. I well remember in the years that

followed the first great war the difficult time many of us had to bring forth some such organization as this. There were many attempts made, and different forms of veteran organizations were set up before the present Canadian Legion was brought into being. I think that today the Legion is probably the most influential organization in this nation.

As has been said by my colleague the hon. member for Royal (Mr. Brooks), they now have some two thousand branches with a membership of something over 400,000. He stated, and I agree with him, that much of the success has been due to the capable officers who have been in charge of this great organization.

Coupled with the names that have been set forth in *Hansard* I should like to add that of a personal friend of mine, the immediate past president, Colonel Baxter. Colonel Baxter is a very influential citizen and a good businessman who spends most of his time flying from one part of Canada to the other in connection with his business. Despite all this, he has given a great deal of time to the welfare and advancement of the Legion during the past few years. He was asked to continue in office at the last convention, but because of his business activities he found that he could not give any further time.

Mention was made of the secretaries, ex-comrades Bowler and Herwig, both of whom obtained their first experience with the Legion in my province of Manitoba. Both gave splendid service in the provincial command before taking office with the dominion command. They both gave great service on behalf of their comrades.

I think this amendment is much in order. I do not agree with everything in section 4 which amends section 15 of the act and which states:

> No person except the Legion, or a person authorized in writing by the Legion, shall manufacture, distribute, sell, or use any Legion insignia, regalia, emblem, badge—

I think we should have some further information from the sponsor of the bill as to whether this would apply to just the executive officers. There is no more influential organization in Canada than the Canadian Legion. It would be difficult to enumerate the contributions they have made to the federal government and to this nation. During the last great war their assistance to the government of the day and to the people of this nation was invaluable. They have a stabilizing effect on the country in peacetime as well as in wartime. The civilian population of the country owe a debt of gratitude to the Legion.

I want to indicate my wholehearted support of the splendid work they are doing and say that I approve of these amendments.

Mr. H. P. Cavers (Lincoln): Mr. Speaker, any organization with the fine reputation gained by the Canadian Legion during world war I, after world war I and during world war II should receive the consideration they are asking for with this bill. As one who had the honour of serving in the Royal Canadian Naval Volunteer Reserve I think I should say on behalf of the naval veterans that they have received great consideration and help from the Canadian Legion. In the part of the country from which I come there are five branches of the Canadian Legion. As the previous speaker has said, they have done great work in peacetime as well as during wartime and this bill commends itself to me as I think it will to other hon. members.

With regard to the amendment to section 15, I suppose there are those who take advantage of the insignia, emblems and other articles that might be sold by the Canadian Legion, so it is proper that they should be given the right to stipulate who shall have authority to sell these articles. Mention has been made of possible confusion with regard to the Legion. I have not the act before me but I would imagine the phraseology would be interpreted in the interpretation section of the act.

Mr. C. E. Bennett (Grey North): Mr. Speaker, I should like to join with other hon. members in paying tribute to the Canadian Legion. There are a number of Legion branches in my riding and I say without qualification that they are exceedingly well managed and contribute a great deal to the well-being of the veterans and their families and to the general welfare of the whole district. The Legion branches have sponsored many worth-while activities—to mention only a few: community centre projects, hospital drives, the founding of high school and collegiate scholarships and so on. We have learned in Grey North that when a worthy cause is before the public the members of the Legion are solidly behind it. The Legion is playing an important part in the furtherance of Canadian citizenship.

In the old days the Legion was an army organization. Being interested particularly in the R.C.A.F., I am glad to say that the Legion today is a harmonious amalgamation of members of the three services. As would be expected, the president of the Legion is a former air force officer, Group Captain A.

Watts, A.F.C., a world war II pilot and an efficient administrator. Group Captain Watts and the dominion executive council are providing aggressive and able leadership for the Canadian Legion organization.

As previous speakers have said, there is nothing particularly contentious about this bill. The first two amendments are constitutional changes requested by the Legion while the third amendment aims to protect the insignia, regalia and badges of the Canadian Legion. This is a very necessary amendment. As has been stated, the general public will be protected by this amendment because these articles will have to have the approval of the Secretary of State (Mr. Bradley). I am sure that this bill commends itself to the house.

Mr. Gordon Graydon (Peel): Mr. Speaker, I rise to commend this bill to the members of the house. As has been said more eloquently than I could say it by other hon. members who have spoken, the Canadian Legion is worthy of our support. I have a slightly different background from that of many of those who have spoken. I was denied the opportunity of enlisting in two world wars. Like a great many others in a similar position, I have a sort of complex with respect to matters of this kind.

When the nation is in danger and uniforms are worn by so many one feels that perhaps he is not doing his full share in the national interest. I have had that feeling keenly from time to time, as I suppose many others have, but there is not much one could do about it. Because of that background I welcome the chance to support the Canadian Legion on an occasion such as this when they come before us asking for amendments to their charter.

I think perhaps the proudest night in my life was about two years ago when the Minister of Labour (Mr. Gregg), then Minister of Veterans Affairs, came to our branch of the Canadian Legion of the British Empire Service League in Brampton on which occasion I was given an honorary membership in the organization. I look back on that night with the greatest of pride.

During the period between the two great wars and during the last war and since there has been a well-founded feeling that the Legion is in the forefront of all things that are worth while and worthy of patriotic Canadianism. Those feelings have found their core and centre in the Canadian Legion of the British Empire Service League.

We appreciate the opportunity of saying a word on behalf of an organization that has meant so much to Canada, to the empire—

yes, and to the world. I can speak tonight with perhaps a little more feeling and emotion than usual in supporting a bill like this which is designed to help the people who have made it possible for us to sit in this chamber and to legislate instead of having a different system of government under which we might be living today were it not for their valiant efforts. It is easy to forget over the years because time changes things so much. It is so easy for us to forget that between wars, as was the case between the last two world wars, there must be someone like the Legion, prepared to carry the torch of patriotism, endeavour and activity in the interest of all that is best in our national life. All these things the Legion has done and will continue to do. I might say again that one of the proudest moments of my life was when I was admitted as one of the members of that great band of men and women who have left and are leaving their mark for better citizenship and for the advancement and the betterment of Canada as a whole.

Mr. Pouliot: In Brampton they always say it with flowers, and wonderfully too.

Mr. William Bryce (Selkirk): Mr. Speaker, as another member of the Legion I want to join wholeheartedly in supporting this bill. I want to join with other members from all sides of the house in the nice things that have been said and the tributes that have been paid to the Canadian Legion. The many compliments that have been paid to the Legion are well deserved because the Legion has done a wonderful job. I do not think that any other party or club should be allowed to use the insignia or any other emblem or regalia that the Canadian Legion have used over the last twenty-five years. I do not want to take up the time of the house. I merely want to say that I wholeheartedly support the bill.

Mr. L. E. Cardiff (Huron North): Mr. Speaker, I too should like to associate myself with those who have spoken. I consider that the members of the Canadian Legion are the first citizens of Canada. I think we owe more to them than to any other group in our population. Therefore they are deserving of every consideration. It is not often we have a bill before the house on which all members on both sides can agree. I think it would be a very good thing if more bills came before the house on which members on both sides were able to get up and say that they agreed. The members of the Legion have certain privileges. I do not suppose there is even a small community in my riding that has not a branch of the Legion. They have rooms in which they congregate to enjoy themselves in talking over old times. I suppose

that is the reason that other people who have no business there would like to be able to get in with them. I am not a returned man and do not belong to the Legion. Because I am an outsider I feel that I should join with others in supporting the bill.

The Legion has done a lot of good. Those of us who have been members of the house since the last war ended have had before us problems concerning which we sometimes could not get what we wanted. The Legion would take up these matters and support us, and we would support them. I have had a lot of support from the Legion in trying to get things for men who were seeking to re-establish themselves after the war. Sometimes it was rather difficult. The government lays down rules and regulations, and unless somebody is generous-hearted enough to interpret the law flexibly someone is hurt. I sometimes think that no law that we pass is capable of taking care of all circumstances. There are certain cases where the law has to be administered with a little laxity. Unless the minister concerned with the administration of a particular law can see his way clear to be a little freer in his interpretation, then someone is hurt. It is not very long ago that I went to the minister about a certain case, and did not get any support at all.

Mr. Lapointe: It must have been a poor case.

Mr. Cardiff: It was not a poor case. If you would like me to air it I would love to do so right now.

Mr. Lapointe: I would not advise you to.

Mr. Cardiff: It was a case that should have been taken care of. It was not particularly within the law but, as I said before, we do not have any laws that can be administered properly unless there is some flexibility. If the bill will help the Legion in any shape or form I am all for it, or anything else that will help the Legion. They have done more for Canada than any other section of our population. For that reason I support the bill.

Mr. Jean François Pouliot (Temiscouata): Mr. Speaker, I agree with all that has been said about the veterans of the Canadian army. They deserve every praise that has been bestowed on them. However, as an honorary member, believe it or not, of the British Empire Service League, I have a word or two to say about the organization. I find that there is somewhat of an anachronism in the name of the Legion. It is like M.B.E., C.B.E., O.B.E., Commander of the British Empire, Order of the British Empire. The British empire no longer exists since India gained her independence.

Mr. Harris (Danforth): Order.

Mr. Pouliot: It is the commonwealth of nations, not the British commonwealth, the commonwealth of nations. I wonder why the gallant men who belong to the Legion do not call themselves the commonwealth service league in order to be up to date.

Mr. Harris (Danforth): No, no.

Mr. Pouliot: I cannot understand why some members put after their names the three fatidic letters, C.B.E., M.B.E. or O.B.E. It means they belong to the past. I will not move an amendment but I suggest that at the next session of parliament the Legion should come forward with legislation to change their name—

Mr. Harris (Danforth): No, no.

Mr. Pouliot: —from British Empire Service League to commonwealth service league. Such an action would be understood by all. It would be the same gathering of fine men with the same recollections, but they must also think of the future and not live in the past by retaining a completely out-of-date designation.

Mr. F. E. Lennard (Wentworth): As a member of the Canadian Legion and a past president of the local branch of the Canadian Legion of the British Empire Service League, I join those who are not in favour of any change in the name.

Mr. Harris (Danforth): You are not alone.

Mr. Lennard: I have not risen in order to prolong this debate. I am absolutely in favour of these amendments. I believe they make for a better Legion, and I am all for them.

Mr. H. W. Herridge (Kootenay West): I rise to support this bill, Mr. Speaker; in fact I am very pleased with the amendments which are proposed. When the original bill was under consideration some members of this group questioned the wisdom of giving such wide powers to the dominion council, and I see that one of these amendments is intended to correct that situation.

I want to take this opportunity to express my appreciation of the good work done through the years by the Canadian Legion for veterans and their dependents, and for Canada as a whole. I am particularly pleased to note that the sponsor of this bill is himself a veteran who has taken a great interest in veterans affairs and has made a great contribution in the veterans affairs committee. Since 1926, when most of the veterans organizations in Canada were brought together to form the Legion, it has done a tremendous amount of work not only for

veterans and their dependents but for the nation as a whole. Without a doubt the Legion is a tremendous influence in our democratic society, and its work in the national sphere is obvious to anyone close to veterans and their problems. The amendments to the Pension Act were largely based upon recommendations coming from the Legion. It might be said that the War Veterans Allowance Act sprang from the recommendation of the Legion. Then we have the great mass of legislation in the veterans charter, to which the Legion made a great contribution. The Legion did great work in helping veterans across Canada through its national pension bureau and the other services it renders. It has shown a great interest in national affairs, as was evidenced in the excellent brief presented to members of this house not long ago, upon which was based an interesting and important debate.

Then we come to provincial activities, which are manifold. I have had experience with those activities in British Columbia, like the hon. member for Fraser Valley (Mr. Cruickshank) and the hon. member for Coast-Capilano (Mr. Sinclair), who also has been very active in veterans affairs. As a member of the provincial legislature I remember the annual pilgrimage of the Canadian Legion to Victoria to bring to the attention of the cabinet the problems of the veterans with respect to employment, preference in the provincial civil service, and the relationship of certain legislation to veterans and their dependents, including the education of the dependent children of veterans. The Legion in British Columbia has closely followed the needs and requirements of the veterans and their dependents; and there, as elsewhere, the Legion is respected in the community.

The Canadian Legion is a democratic organization, in that its decisions are not made at the top and then handed around for others to adopt. They come from the bottom. Certain branches are grouped together in such a way that they can conveniently get together to deal with the problems affecting a particular area within the province. I am happy to say that the West Kootenay zone is one of the most active in British Columbia. I have been associated with it through the years, being a charter member of the Legion, having been president of the branch for ten successive years, and a member of the provincial executive. I have been associated with many men and women who have worked actively in the interests of the Legion, so I have a personal knowledge of what the Legion stands for. In our zone we have an excellent magazine called *The Banner*, which covers the activities of the various branches where the resolutions originate that are sent to the provincial convention for consideration. The whole organization is based upon the branch, where the real work of the Legion is done.

Time will not permit me to describe the many things done by the local branches of the Legion throughout Canada. The branch, being close to the people, is close to the problems of the veterans, and from the local branches come the questions which are finally taken up by the dominion convention. This has been the practice through the years, and has been possible because numbers of veterans, men and women, have been willing to accept their personal responsibility for the welfare of the veterans and their dependents. In my opinion if we want to demonstrate our appreciation of the work of the Legion in Canada it is up to us to pass legislation that will give a better deal to pensioners, the recipients of war veterans allowances, and veterans and their dependents generally.

Mr. J. H. Harris (Danforth): Mr. Speaker, I want to take about twenty seconds to say that I favour this bill and congratulate my colleague from Toronto on bringing it before us. I hope it passes unanimously.

Mr. Clarence Gillis (Cape Breton South): Mr. Speaker, it is not the intention of anyone to talk out this bill, but I feel it incumbent upon me to make a few remarks. I am in accord with the amendments proposed. I say I feel obliged to say something about it because in 1948, when the original bill came into this house, practically writing the constitution of the Canadian Legion, I took exception to the powers that were vested in the executive at that time. Now I think time has proven me correct. My protest at that time was against granting the executive head of the Legion the right to cancel charters, to decide on memberships and all that sort of thing, without reference to the branches or commands. I believe the first amendment proposed in this bill has been brought in because the fears I expressed at that time have been shown to be justified. It is now proposed to divest the executive head of the organization of the power to make hard and fast rules infringing upon the rights of the membership down into the branches, and to hand that power back to the convention.

The second proposal is that the provincial convention should have the power to make regulations and so on, which power was taken from it in the previous bill. In effect we are really getting back to the position that existed before the bill was adopted in 1948. I have

seen a very disturbing thing happen in two or three places in Canada, I think in British Columbia, Quebec and on the island of Cape Breton, where there were what were known as district command charters. These were granted by the provincial command to a certain area, which gave them jurisdiction in that area to promote the best interests of the Legion in accordance with provincial and national policy. The one to which I have particular reference is the Cape Breton district command. After being in existence for twenty-five years, and doing an excellent job of organization and promoting, that command lost its charter after the last convention. This was done without any consultation with the provincial movement or the command affected. It created considerable resentment and turmoil. So far as I know, that matter still stands as it was a few months ago when I discussed the problem with the people who carried on the work of that command.

I am in agreement with the amendments that are proposed here. I am also very much interested in the proposal contained in section 4, that the name of the Legion be not used for certain purposes. I recall that when I was actively associated with the Legion in an official capacity some very lucrative offers were made to us if we would allow the name of the Legion to be used to promote sweepstakes and gambling of different kinds. The Legion always turned thumbs down on that kind of thing. It was a matter of principle, because there was no written prohibition. I am glad to see the prohibition being specifically written in now, so that the name of the organization cannot be used for that purpose.

I thought, Mr. Speaker, in view of my very critical opposition to the original bill, concerning the very points that are now being amended, that I should say a few words. I am very pleased to see that the Legion has returned to the democratic process, where control of the organization in matters such as are contained in the amendment go back again to the rank and file of the membership.

Mr. G. A. Cruickshank (Fraser Valley): Mr. Speaker, I wish to say—

Some hon. Members: Question.

Mr. Cruickshank: Hon. members do not need to worry, because we will have plenty of time to put through this important bill. If some of my friends were as interested in the organization as I am, they would not be calling "question". There are six branches of the Legion in my riding, and one of the badges of which I am most proud is the gold badge of a life member of the Legion. There is one group that has not been mentioned in connection with the Legion which I should like to mention, and that is the ladies auxiliary. The Legion, like any other organization, could not function if it did not have the ladies behind it. Fortunately we have within that organization the pick of the women in Canada. These six branches in the Fraser valley function very well.

I do not think enough attention has been paid to what the Legion does on behalf of the dependents of veterans. In the first place, irrespective of what government had been in power since the first great war, we would not have secured the pension and advantages to the widows and their dependents, or the suitable disability pension that we have, if it had not been for the influence of the Canadian Legion. Since coming to this house I have had the privilege of sitting on a few committees on veterans affairs. The other day the veterans' widows from the various sections of Canada appeared before the committee to request certain legislation. I hope that, so far as possible, the committee sees fit to make that recommendation when the time comes.

There is one thing I do not want to allow to pass, Mr. Speaker. Mention was made about changing the name of the organization. Probably it was made in an irresponsible moment, because this Canadian Legion has great traditions behind it. It is not merely the Canadian Legion, but is affiliated with the Legions in the rest of the British empire. In so far as my riding is concerned you can change the name to "commonwealth" if you like, but we will continue to be extremely proud of our connection with the British empire. We are going to continue to be proud of it. There has been some discussion before, I think from the same member, when I heard it said that the Legion should go home—I may be wrong in the words, but it was something to this effect—and mind its own business. Mr. Speaker, there are some 400,000 men still left representing some 66,000 men and women who are remembered in this building by the memorial chamber, who do not need any advice along that line, particularly from those who were not qualified to speak on behalf of those who made the supreme sacrifice.

Motion agreed to and bill read the second time.

Mr. Deputy Speaker: This bill is now referred to the standing committee on miscellaneous private bills.

Mr. Croll: Mr. Speaker, is there any particular reason why this bill should be

referred to the standing committee? I thought perhaps we could deal with it here tonight.

Mr. Deputy Speaker: With the unanimous consent of the house.

Some hon. Members: Agreed.

Mr. Croll moved that the Speaker do now leave the chair for the house to go into committee on Bill No. 190.

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

Sections 1 to 4 inclusive agreed to.

Preamble agreed to.

Title agreed to.

Bill reported, read the third time and passed.

THE BUDGET

ANNUAL FINANCIAL STATEMENT OF THE MINISTER OF FINANCE

The house resumed consideration of the motion of Hon. Douglas Abbott (Minister of Finance) that Mr. Speaker do now leave the chair for the house to go into committee of ways and means, and the amendment thereto of Mr. Macdonnell (Greenwood), and the amendment to the amendment of Mr. Coldwell.

Mr. F. D. Shaw (Red Deer): Mr. Speaker, in the very few moments left I hope to conclude my remarks with respect to the Canadian coal mining industry. Prior to six o'clock I expressed the personal fear that the Canadian coal mining industry is in an extremely precarious position. All available evidence points to that fact. This situation has developed substantially as a consequence of several factors, some of which I mentioned this afternoon. First, I lay it to the absence of a national fuel policy, something which is long overdue in Canada. Second, I attribute it to the stiff competition which has developed from natural gas and oil. Now, I may add a third, the failure on our part to have the greatest possible decentralization of secondary industry in Canada. I realize with respect to that latter that it is of far more serious consequence in some parts of Canada than in others. In my own province, as I indicated earlier, we have approximately 10,000 coal miners. They and their families comprise approximately 75,000 people. The collapse of the coal mining industry, or a serious impairment of it, does naturally create a serious problem as far as these people are concerned. However, as I stated this afternoon, I realize fully that in an area such as my own province of Alberta, where industrial development is progressing rapidly, there is a greater opportunity for the absorption of many of these workers into other branches of secondary industry. In the maritimes, however, especially in the province of Nova Scotia, as the hon. member for Cape Breton South (Mr. Gillis) indicated, the problem would be more severe as a consequence of, if I understood him correctly, the actual diminution of the secondary industry field in that province.

It would be a national tragedy, Mr. Speaker, if we were to allow this industry to deteriorate when we can prevent that deterioration. We all realize fully that oil and gas development is the most desirable thing. That is progress. I do not want it to be restricted unnecessarily, but I am not unmindful of the fact, as I indicated earlier, that our oil fields, our wells, our refineries, our storage facilities are vulnerable to attack, if attack should occur and heaven forbid that it ever should. But we must be fully conscious of the fact that it can occur.

In the second place, I think that we should never forget that our oil and gas are diminishing assets. We do not know; conceivably thirty, forty, fifty years from now we may not be talking in the same glowing terms of our vast oil and gas production; but if statistics can be believed and if surveys tell the truth—and we think they do—we will have coal reserves here several hundred, if not a few thousand years from the present time. So let us never lose sight of that fact, plus the fact that once the industry is allowed to deteriorate a long, long time will pass before we ever get it back on its feet.

With respect to the national fuel policy, I think it is imperative that we give further consideration to the development of new markets for Canadian coal. There are vast markets within our own nation. I think, too, that such a policy should give consideration to consumption of a greater volume of Canadian coal rather than to continue, as we are continuing now, to consume more and more imported United States coal.

As I said this afternoon, it is all right to talk about United States coal being cleaner and easier to handle; it is all right to talk about its other qualities; but let us not forget that we have no assured supply of coal from the United States. They can clamp down in time of emergency almost overnight, and under those conditions try to start your coal mining industry operating to capacity overnight and see what the results are.

I think that such a policy should give real consideration to the question of freight charges as applied to the movement of coal

from the maritimes and from western Canada to the central markets of this nation.

Just one other point, Mr. Speaker: greater consideration should be given to the various products that can be procured from coal through the process of destructive distillation. It is a well known fact that coal tar can be fractionally distilled to yield certain organic products known as tar crudes which form the starting point for the synthesis of numerous products such as dyes, drugs, explosives, flavourings, preservatives, synthetics, resins, paints and stains. We should also remember that the residual pitch from this fractional distillation is utilized for paving, roofing, waterproofing and insulating. I think we are missing a golden opportunity if we fail at this time to engage in strenuous activity—if that is the proper way to describe it—toward the procurement from coal of the various other fractional products which in turn can be utilized for the production of these many things that I mentioned.

In conclusion, Mr. Speaker, let me emphasize again, as I did when commencing my remarks this afternoon, that I cannot possibly agree with those who assert that we should restrict our gas and oil production because of a presumed adverse effect which it may have upon industry in specific parts of the country. If we drift, as we are drifting at the present time, these fears may well be realized; but if we have a national fuel policy, if for defence purposes, and for economic stability within our country, we concentrate on the decentralization of industry, if we do engage in determination of how we may get specific existing markets, plus a number of other things which I am not going to take time to mention, then we can develop the gas and oil industry, we can develop the St. Lawrence waterways project, and we need not impair any part of this nation. Do it haphazardly, which seems to be the present program, and dire consequences will inevitably result.

(Translation):

Mr. L. D. Crestohl (Cartier): Mr. Speaker, it gives me great pleasure and it is also for me an honour to say my first few words in this house in the language spoken by the majority of the people of my province. I do so out of respect for my fellow citizens of the province of Quebec, particularly for those who have elected me as their representative in the parliament of Canada, an honour which I greatly appreciate. I wish to assure them, and the hon. members that I will apply all my energy and such talents as I may possess to the task of serving their best interests.

(Text):

And now, Mr. Speaker, it is not wtihout some trepidation that I rise to speak in this house for the first time. This pulsation flows from my profound awareness of the great responsibility which rests upon every member of this house when he speaks. Such consciousness no doubt alerts every speaker to the exercise of caution, restraint and oftentimes courage, and I am certain that every hon. member of this house has at one time or another—like I am at this moment—been overawed by this great obligation, to the discharge of which we are all dedicated by a fervent desire to apply ourselves to the best of our ability.

May I first of all say to the voters of my constituency that I, Mr. Speaker, am deeply grateful to them for having given me their confidence to represent them in this house, and to speak for them whenever occasion makes it necessary.

Cartier, as hon. members know, is perhaps the most cosmopolitan riding in the country. It could be virtually called "Canada in miniature", as there is no other section in Canada in which there are more languages spoken. Concentrated in this small area, there are ethnic groups from almost every central European country. Many of these include people who are comparatively recent immigrants.

I meet these people often. I speak to them frequently; and it is heartwarming to sense the anxiety they have to integrate themselves completely into the life of our country. The present generation of course still retain some of their native customs and speak their native tongues. But the children, the coming generations, will, as time has already proven to us, live the Canadian way of life in every respect. I bespeak for them the patience and tolerance of their good Canadian neighbours to facilitate for them the necessary fusion which will eliminate obstacles and enable them to become totally adapted as Canadians.

This desire and anxiety was abundantly manifested at a touching ceremony less than one year ago which took place at the Baron Byng high school in my constituency, when some 750 of these new Canadians were admitted to the first steps of Canadian citizenship. Never before in the history of Canada has such a ceremony taken place. The entire assembly was electrified by the deep and respectful solemnity, as the associate chief justice of the province of Quebec himself administered the oath of allegiance. Hundreds were moved to tears with the realization that our country has accepted them and makes of them free men and women. It was indeed a

most stirring event and well accredits the government's vision and foresight to stimulate an expanded immigration program.

The United States today is reaping the benefits from its wise immigration policy during the fifty years preceding 1925. In this period it secured an influx of some 30 million people, enabling it to become the most powerful democracy in the world. And today it is even a bulwark for the defence of our own country. We in Canada should profit by that experience. We have the space; we have the natural resources and we have the absorptive capacity. Of all that there is no doubt. But we lack the population to be able fully to expand our wide-open spaces and our limitless natural resources. This view has been most forcefully expressed in the March 9 issue of the *United States News and World Report*. I quote a digest of this report which appears at page 20, as follows:

"Canada, booming with the United States, is to grow rapidly into the industrial giant of the north.

Oil is a great new industry in Alberta. Canada's aluminum industry already rivals that of the United States. Great hydroelectric projects are planned and industry springs up near cheap power. Iron-ore mining is making great expansion, notably in Labrador. A big future is seen for titanium, a metal lighter than steel, stronger than aluminum, and Canada has the largest known deposits. Production in nickel and cobalt is being stepped up sharply as is lead, zinc, copper, magnesium, gold, silver and asbestos.

Uranium mines of Canada are becoming one major source of materials for atomic weapons.

Canada's newsprint output is the world's largest. Its lumber of many types for varied uses is moving to all parts of the world.

Factories in Canada are expanding their output and now manufacture automobiles, diesel engines, textiles, electrical equipment and chemicals. New capital is finding its way to Canada. At least one billion dollars of U.S. capital went into Canada.

As Canada becomes a giant in the industrial world, it needs people as well as money.

In 30 years, Canada's population has grown from 8·8 million to 14 million. Immigration, tightly controlled, is being geared to entry of 150,000 European workers, mostly skilled. The shortage is in people."

The government's decision, therefore, to stimulate immigration is a step in the right direction with an eye to Canada's future. I am hopeful that the new program will be effectively implemented. There are some minor bottlenecks which tend to slow the process, but I know that the departmental officials are wrestling with these problems, and I have every confidence that existing obstacles will be speedily eliminated.

An active immigration policy has been urged by all the distinguished members in this house who came from the constituency of Cartier. The late Mr. S. W. Jacobs, who was the first representative of my faith to sit in this parliament, the late Mr. Peter Bercovitch who succeeded him, and the late Mr. Maurice Hartt who followed, all pressed for increased immigration. They saw how the great flow of immigrants to the United States was making of that country an influential power. They knew that Canada, too, can grow rapidly if we had more people. They made eloquent pleas year after year, and today the intensified development of our natural resources and the present government immigration policy confirm the views which they expressed.

For their foresight and for their courage I pay them my respects and my tribute, and I deem it a privilege now to follow in their footsteps.

One can readily appreciate the reasons for immigrants wishing to settle in Canada. The reputation of our country abroad has been so enhanced that it is almost universally accepted as being the country of the future. Our diplomats have placed Canada on a pedestal in the consideration of those who seek a democratic way of life. Our representatives in the councils of the nations enjoy not only the reputation of being able men but, what is much more important, the reputation of being honest and sincere men.

Never in the history of international affairs have men enjoyed a greater reputation for integrity, sincerity and honesty of purpose than our diplomats enjoy today. On this point I am moved to quote our Minister of National Defence (Mr. Claxton) who, in one phrase on the floor of the house, gave a description of our Prime Minister (Mr. St. Laurent) which more completely than anything else we have ever heard describes his stature.

The minister, during the emergency session last September, referred to the Prime Minister in the most simple language as a man of transparent honesty. How complete and how appropriate a description—"transparent honesty". It is precisely that; and it is this theme of transparent honesty which guides every one of this country's actions, both on the national and on the international scene. The people of this country have sensed this basic characteristic of our leader. In fact the entire democratic world has sensed it and therefore many of the vexing international problems seek solution at the hands of our Prime Minister and his equally conscientious representatives at the United Nations. It is my personal thought, or perhaps it is shared by others, who like myself, have a profound belief in divine guidance, that it was providential circumstances which placed on the shoulders of these men of transparent honesty-of-purpose the mission of successfully solving a two thousand year old historic problem by returning the Jewish people to their biblical country of origin.

I do not want to sound mystical, nor is it within my competence to adequately emulate the hon. member who quite recently referred to himself as being somewhat evangelical, but I do believe that only a country with a leader and a government, whose sincerity and honesty of purpose transcend all other considerations, merits the distinction of being recorded in history for the achievement which I have just mentioned, which in human grandeur and historic importance can be likened to that of Cyrus, King of Persia, and Sir Arthur James Balfour of Great Britain, who in ancient days and modern times proclaimed the return of the people of Israel to their promised land.

I believe too that it is more than coincidental that this historic act should be the first major achievement-of-conciliation which has acclaimed our Secretary of State for External Affairs (Mr. Pearson) as an effective and impartial mediator whose talents for peacemaking are being sought constantly by the nations of the world. Perhaps international diplomacy has outgrown the age of Machiavelli and is reaching a new level of approach in which cunningness and intrigue will be replaced by a transparent honesty in our quest for a permanent peace, and in which our Prime Minister and our country will be showing the way.

The same lofty reputation is enjoyed by our diplomatic representatives and civil servants. In conversation with many of the harassed people of central Europe that I met on the continent last year, two years ago and three years ago, it was a source of great pride to hear their praise of Canada and the Canadian personnel with whom they had occasion to deal. The humane conduct of our immigration officials and other civil servants in European countries reflects truly the high sense of tolerance, justice and fairness of the country which they represent.

It is therefore my solemn conviction, that because we are now at a peak in our reputation as being a desirable country to which to migrate, and because some immigrants are still available, we should act with the utmost diligence to help populate our country. Hundreds of thousands of excellent immigrants have been anxious to come to Canada since 1933. Many of them made their way to the United States, Australia, South America, South Africa and recently to Israel. A goodly portion came to Canada, thanks to the humane consideration of our government and its immigration officials who dealt most sympathetically with the various representations made by the international refugee organization.

Unfortunately millions were cruelly and wantonly destroyed. Many thousands still want to come to Canada and we should facilitate their arrival. The pool from which to draw immigrants is rapidly running out. We may have already missed our opportunity. That would be sad. Let me quote to you what our Minister of Labour (Mr. Gregg) said on this question when he appeared before the standing committee on immigration and labour on March 8. Speaking about the availability of displaced persons for domestic service, the minister had this to say, as reported on page 22:

"The number of people available for this employment from among the D.P.'s is practically exhausted and we are searching for other sources of supply.

On page 23 he said:

A few minutes ago, I pointed out that the supply of D.P.'s suitable for employment as domestic workers was about exhausted. This is also true in a general way of D.P.'s for other occupations.

He stated further:

With regard to the outlook for 1951, we expect that we will be faced with labour shortages of greater proportion than we have had to deal with during the past few years.

Under the group movement plan, we have placed orders for 16,000 D.P.'s to help meet anticipated labour shortages. The indications at the moment are that we may not be able to get the required number from among the D.P.'s and if this proves to be the case, we will have to look for sources of supply elsewhere.

The leaders of our commercial and industrial futures are deeply concerned about this problem. The Canadian Chamber of Commerce only last week urged the government to adopt an active immigration program. Speaking at a citizens forum in Toronto on March 28, 1951, Mr. W. F. Holding, president of the Canadian Manufacturers Association, did likewise. Both these views were most effectively summarized in an editorial in the Ottawa *Citizen* of April 10, 1951, as follows:

The Goal of a Doubled Population

"A goal of 30,000,000 Canadians within the next 25 years does not seem so far out of reach today as might have been the case during the depressed 1930's. In urging this target upon the government, the Canadian Chamber of Commerce expresses a realistic faith in Canada's future. It cites the present needs of agriculture and industry for more workers, and the need of greater manpower to defend a vast territory. These needs are likely to increase, for Canada's natural wealth is still largely unused. Even before the rearmament program caused shortages in many labour categories, a high level of employment in the post-war years had confounded pessimists. It is reasonable to assume for the future that Canadians will never again tolerate the kind of laissez-faire slump from which they suffered through a painful decade.

But at the rate of 150,000 immigrants a year, as set by the federal government for 1951, Canada will be a very long time in doubling its population. Present circumstances seem to have outdated this target, and the pace of departmental activity as

well. Many potential Canadian citizens are eager to come here. Greater efforts should therefore be made to obtain the co-operation of other governments and to arrange transportation. At this end, reception facilities should be still further improved, and in this connection the individual citizen has a responsibility to help make the newcomers welcome. Though the government has taken steps to speed the inflow of immigrants, its policy is not yet sufficiently ambitious and energetic to satisfy the widespread demand for action."

It is evident that we are rapidly coming to the realization that an effective immigration policy is a *sine qua non* for the industrial, commercial and defensive future of our country. Implementing it satisfactorily will make of Canada that great democracy that it is destined to be in the future.

It perhaps follows that in looking ahead to a greater Canada, we should examine briefly the human rights enjoyed by the people of this country. The hon. gentlemen of the "other place" performed an act of public service when they created a committee to hear submissions from public and private bodies on the question of human rights and fundamental freedoms. They prepared a report and submitted it on June 21, 1950. In my humble opinion this is an important document which I recommend to the careful attention of every hon. member of this house. Briefly the report declares that the Canadian parliament could adopt the covenant on human rights without invading the provincial legislative authority. The report further briefly states:

A Canadian declaration of human rights could follow in its general lines the preamble of certain of the articles of the United Nations declaration of human rights, subject to the reservations expressed by the Canadian delegation at the United Nations. It would declare the right of everyone in Canada to life, liberty and personal security; the right to equal treatment before the law, to fair trial, to freedom from arbitrary interference with one's privacy, family, home and correspondence; to freedom of movement, to a nationality, to obtain asylum from persecution, to found a family, to own and enjoy property, and to freedom of thought, conscience and religion.

I am therefore of the opinion, Mr. Speaker, that, in view of the rapid growth of our country, now may be the appropriate time to deal with this matter. It well behooves a country such as ours to show the way and take leadership in a matter of such lofty moral and humane importance by adopting such a bill at the earliest opportunity.

I should like, Mr. Speaker, at the same time and on the same level to deal with another phase of human relations. I refer to the genocide treaty. Genocide has been described as an old crime with a new name. It is the old crime of Attila and his Huns. It is the crime of Genghis Khan and his Tartars. It is the crime of Hitler and his nazis. In a word, it is the unspeakable crime of the massacre of a people.

In our own time and within our own memory we have heard of the Ottoman massacres of Armenians, of the massacre of Christian Assyrians in Iraq, of the Ethiopian massacres by Mussolini, of the Chinese massacres by Japan; of the Jewish massacres by the nazis, and only recently of the massacre of 120,000 Chinese by the communists. These mass murders must be outlawed by international agreement. A genocide pact may be the answer. Such a treaty has been approved within the framework of the United Nations. I do not know whether there has been presented to parliament a resolution calling upon Canada to sign the genocide treaty. I do know, however, that we have not yet signed this treaty.

There is no constitutional issue involved, nor is there a political aspect involved. It has international sanction, and unless there is some special reason for not having done so, I would urge that it suits the stature of our country as a humanitarian nation to associate ourselves with all those others who have already signed the genocide pact, and thus take another step forward in our civilization.

I am impelled, Mr. Speaker, at this point to draw to the attention of the house that a crime against humanity is being committed by a member of the United Nations at this very time and for several weeks past. The savage treatment by the Iraqi government of some 80,000 of its population merits the deep concern of all mankind.

I do not want to describe the heartbreaking details. Suffice it to say that the Baghdad government has recently adopted legislation not unlike some of the Hitler Nuremberg laws. When in 1933 and the years that followed German inhuman legislation and behaviour was drawn to the attention of the democratic nations, interference was withheld on the argument that it was a matter of internal administration. There was no United Nations organization at that time, and there was no jurisprudence by international tribunals on crimes against humanity. Nor was there a genocide treaty at that time. The situation, however, is different today. The Iraqi crimes against humanity, not unlike the German attempt to replace the law of civilization by the law of the jungle, must be stopped. Our country should concern itself not only with this but with every violent breach of human decency.

I am therefore hopeful that our Secretary of State for External Affairs (Mr. Pearson) will reach the appropriate authorities for a

report on the situation and make our country's views known and publicized before it is too late.

I have already, Mr. Speaker, by placing two questions on the order paper, shown deep concern about the release of nazi criminals by the United States authorities. The answers indicate that our government was not consulted since the released prisoners were convicted by American tribunals over which they alone had jurisdiction. That makes the situation no less distressing, and wholly apart from the fact that this action violates the sensibilities and feelings of our great ally, the republic of France, and millions of people throughout the world, I am concerned with this matter and disturbed by it for an additional reason.

These criminals were condemned for war crimes. Their specious defence that they did nothing more than obey orders of superior officers was rejected by the courts. The courts ruled that what they did was a heinous crime, and will be stamped as such for all time, for which they must be punished. The decision to release them tends in my opinion to nullify the great principles enunciated in the judgments, and vitiates important jurisprudence created at such great sacrifice. The distinguished American general in his process of wooing doubtful German support makes an over-generous gesture in returning to the nazis their lives, their freedom and their fortunes, which he might do, but only if the nazis could in turn give back the freedom, the fortunes and the lives of the millions of innocent men, women and children whom they murdered. That and that alone would be a fair *quid pro quo* under these circumstances.

The man who prosecuted the criminals at Nuremberg makes a very cryptic yet forthright statement on this question, and I quote a report in the Montreal *Daily Star* of March 29, 1951. The headline is, "Shawcross Opposed to 'Whitewashing' Nazis." The article reads:

"Sir Hartley Shawcross, attorney general and chief British prosecutor at the Nuremberg war crime trials, said yesterday it would be a mistake to 'whitewash' nazi war criminals because they were opposed to communism."

Under the same heading, Mr. Speaker, falls the problem of rearming Germany. Some of the dangers have already been very poignantly emphasized in this house. I should like to underscore just one feature. History is replete with Teutonic martial activities. In our own lifetime we have seen what Teutons will do with arms. We remember 1870, 1914 and 1939. They had arms but they abused them, to the great sorrow of millions of families throughout the world.

And we are now considering placing weapons in their hands once more! What can we expect in 1952, 1953, 1954 and the years that will follow? Already Mr. Krupp is boastfully striding through Germany announcing from the housetops that the Krupp military empire is going back into operation. What an alliance for the democracies to contemplate! To me it is a sad and unholy alliance, fraught with the greatest dangers.

There is no love in German hearts for France, England or America. It is puerile for us to think that the illustrious general can entice or create that love by wooing Germany through offering to strengthen her military and industrial might. I am not unmindful of existing dangers and the need to stop Russia; but is the danger not greater that, at a moment's notice, the Germans, with the utmost glee, will turn our weapons against us? This they would do for one of two reasons. The first would be out of a desire to save their own necks. If they should get the notion that the Russian march through Germany could not be halted they would promptly join the Russian forces and continue the march with them westward against us. The second reason is their insatiable and grim desire for revenge. Revenge against France, revenge against England, and revenge against the United States. Can we risk arming Germany under these circumstances?

There is an even greater danger now that consideration is being given not only to rearming Germany but also to giving her political and industrial freedom. This danger was strongly emphasized in an editorial in the Montreal *Gazette* as recently as April 5, 1951. For want of time I quote only extracts from that editorial, but I urge that it be read in full by all hon. members. The headline is "Where will Germany sell?", and the editorial goes on:

"The announcement has been made at Bonn that the production of West German industry is to be greatly broadened . . .

All this would seem a natural and desirable development, were it not for the disturbing question: Where is West Germany to sell its industrial products? The fact is that a very considerable proportion of West German production has been passing eastward into the communist realm. It is estimated that the value of these exports eastward now amounts to $230 million a year. And since the lifting of the Berlin blockade, at least 150,000 tons of steel have gone to East Germany from the Ruhr valley.

. . . The "known" or legal trade is only a small proportion of the total trade . . .

It is said that some of the German industries think that doing business with the Communists is a form of "insurance." If the Communists were ever to seize West Germany, these friendly relations in trade might be accounted to them as a form of economic righteousness. This mentality, strange as

it may seem in North America, is perhaps more easily understood among those who feel they are living on the rim of the abyss.

. . . But if a West German republic becomes master of its own affairs, it may see fit to make an economic treaty with Russia or any of her satellites.

. . . And if West Germany should have political freedom to make such a deal, and should have the expanded industrial capacity to fulfil it, the other nations of the Atlantic union might find that a large segment of their economic ramparts against communism had crumbled.

The trade now taking place between West Germany and Communism (even with West Germany's present industrial and political limitations) is sufficiently disturbing to point a warning for the future.

Building West Germany into the Atlantic world is going to be difficult. But allowing West Germany to build an economic pipe line to the east is much too easy a solution. It is solving our own problem by also solving that of the Russians."

These manoeuvres, to liberate the prisoners and to arm Germany, seem prompted by nothing more than military exigencies, the real value of which is still in grave doubt. And for these doubtful and uncertain advantages the United States military authorities appear to overlook important legal principles and considerations of great moral value.

Daniel O'Connell, the illustrious Irish parliamentarian, many years ago appropriately epigrammed this type of action when he declared, and I repeat with all the emphasis at my command:

"Nothing is politically or diplomatically right if it is morally wrong."

—and Mr. Speaker, in my humble opinion these moves are morally wrong! And the voice of this parliament should be raised in protest against anything that is so morally wrong.

Since a permanent peace is our objective, let us bear well in mind the words of the eminent philosopher, Ralph Waldo Emerson, who declared:

"Nothing can bring peace more quickly than the triumph of principles."

The corollary of that is that peace will never endure if won through the sacrifice of principles. This view was very clearly stated by Senator William Fulbright in an address to the United States Senate on April 9, 1951, which is reported at page 42 of *Life* magazine, which I quote in part. He said:

"The vast majority of great civilizations have been destroyed, not as a result of external aggressions, but as a consequence of domestic corruption. I wonder whether in recent years we have unwittingly come to accept the totalitarian concept, that the end justifies the means, a concept which is fundamentally and completely antagonistic to a true democratic society. Democracy is, I believe, more likely to be destroyed by the perversion of, or abandonment of, its true moral principles than by armed attack from Russia."

It is therefore my prayerful submission, Mr. Speaker, that this house should urge our military experts not to sacrifice great moral values for doubtful and dangerous military exigencies.

Now, Mr. Speaker, by your indulgence and with your very kind consent, permit me as an eyewitness to inform this house of the great honour which you have yourself, sir, conferred upon our country at the ceremonies during the dedication of the new British House of Commons in London. You will recall, sir, that through fortunate circumstances it was my privilege to be present and witness the various functions at which you were called upon to represent Canada. Hon. members, your hearts would have glowed with the greatest pride to have seen our Mr. Speaker, who from the very first procession to the final function, not only by his natural height and the tricornered hat, but by his dignified bearing, his judicious statements and the courtly manner in which he and his charming wife carried themselves, he captivated the admiration and respect of the entire royal and distinguished assemblies.

The final function was a farewell dinner tendered to the commonwealth speakers. The Hon. Senator Roebuck, as chairman of the executive committee of the commonwealth parliamentary association, presided with great distinction. It was a glorious evening for Canada, as both our Mr. Speaker and the hon. senator shed great lustre on the country which they represented.

As a matter of personal privilege, Mr. Speaker, permit me at this point to express my gratitude to the genial clerk of this house, and to Sir Howard d'Egville, the director of the commonwealth parliamentary association, and his efficient assistants Mr. Spencer-Hess and Major Lockhart as well as to their staffs, both here and in London, for their gracious attention in making my participation possible at some of these functions in London.

May I also, Mr. Speaker, just say a word about the great emotion which stirred me as I witnessed the opening of the British parliament by His Majesty the King. It was an experience beyond description, and one which I would recommend every member of this house to witness at some time if at all possible.

One saw the great institution of democracy in all its glory, with the dignity and respect for those things in life which we hold sacred.

Having thus been stirred by witnessing the opening of the mother of parliaments, permit me, Mr. Speaker, to tell this house of my unique experience within eight days of also witnessing the opening of the baby of parliaments in the sacred city of Jerusalem. It was my privilege to have been invited by the

speaker of the Israeli Knesset to be present at the opening ceremonies.

This enabled me to reflect upon eight hundred years of parliamentary government, from the oldest parliament in the world in London, the capital of our commonwealth, to the youngest parliament in the world in Jerusalem, the first capital of civilization, which gave the world its greatest precepts for human relations, and its greatest moral teachers, philosophers and prophets of peace; and from whence came forth the prophetic plea of Isaiah, which holds so true even today.

". . . to beat our swords into ploughshares and our knives into pruning forks.

And that nation shall not lift up sword against nation.

Neither shall they learn war any more."

I trust, Mr. Speaker, that hon. members will understand the spirit which moves me to make this reference, and that they will graciously attribute it to the fervour which radiates to anyone who comes in such close proximity to the sacred places and to the very cradle of civilization. Add to this the deep-rooted affection of the people of Israel for anything Canadian, and you will more readily understand the personal gratification I experienced, and the affectionate expressions which greeted me whenever and wherever I was introduced as a Canadian. The gratitude of the people of Israel for our country is a matter of permanent historic record. Their anxiety for every association with Canada and things Canadian is unbounded. It is therefore not surprising to find that Israel's trade with Canada increases daily. In the first ten months of 1950 we exported to that little country Canadian products to the extent of about $12 million. I am sure this trade will continue to grow, as will no doubt also our commercial and diplomatic relations to the mutual advantage of both countries.

In conclusion, Mr. Speaker, permit me to refer to the well-known academic dispute between philosophers and historians who differ as to whether it is the leader that produces the times or whether the times produce the leader. Personally I share the latter view. The times always produce the leaders necessary to cope with the existing problems.

It has also been said that a country has the leaders it deserves. Ours is a great country with a great destiny, dealing with great problems. This calls for a great leader; the times and kind Providence have produced him. Canada deserves him. We are therefore fortunate indeed that the welfare of our country is now in the hands of the present Prime Minister. Therefore, not only we in Canada, but every freedom-loving person in every part of the world should pray constantly for his good health, so that he may continue to be endowed with divine guidance in leading the free people of the world in their successful quest for a permanent peace and a democratic way of life, to the great glory of God and all mankind.

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, in rising to take part in this budget debate, I shall discuss in the main one aspect of our income tax legislation which, so far as I am aware, has not yet been touched upon since this debate started. I refer to the question of the amount that taxpayers are allowed to deduct because of medical expenses, and in particular to the fact that there is a floor under that amount of 4 per cent of one's net income.

Having indicated that that is the main subject with which I shall deal, I should like to take just a minute or two before I return to it to make one or two general comments on the budget. The reason I am satisfied to limit myself to a moment or two is due to the fact my views have already been expressed by others who have taken part in this debate. I regret that the incidence of taxation imposed by the changes announced by the Minister of Finance (Mr. Abbott) bears most heavily on those least able to bear it. It has already been pointed out that when one looks at the rates of increase in taxation, the greatest increases have taken place in the field of the various commodity taxes rather, for example, than in the field of corporation taxes.

With regard to corporation income taxes, there is no increase for corporations whose net earnings do not exceed $10,000 per year. For those above that figure, the increase is at the rate of 20 per cent. Similarly, the rate of increase in the personal income tax is 20 per cent across the board. But when it comes to the sales tax, that tax which bears most heavily on those least able to bear it, the increase in the rate, so far as the general sales tax is concerned, is 25 per cent. When one looks at the excise tax, he finds that in some cases there is an increase of 66 2/3 per cent. I am referring to those cases where the rate of 15 per cent is raised by 66 2/3 per cent of that amount to the figure of 25 per cent. Then there is the case of washing machines, mechanical refrigerators and electric stoves, where the increase in the rate is such that it cannot be calculated in percentage terms. It goes up from zero all the way to 15 per cent.

I would point out also, Mr. Speaker, that there is in these proposals a form of double taxation against those who are least able to bear it; for the income tax and these various commodity taxes hit the same people.

No one denies the need, under present conditions, of increasing the revenues of the country, but it does seem to me that the Minister of Finance might have found a fairer way to impose increased taxes than is the case with the budget that has been presented to us.

I want to say that I support wholeheartedly the protest against the sales tax increase that is involved in the amendment moved by the hon. member for Greenwood (Mr. Macdonnell), and I am also supporting wholeheartedly the amendment moved by my leader, which regrets that the 20 per cent surtax on individuals has been made to apply as low as it has. In our view that tax should not be applied until $1,500 in the case of single persons and $3,000 in the case of married persons.

I indicated, Mr. Speaker, that most of what I have just been saying has been mentioned previously in the course of this debate, so that I do not need to expand on it. I am sure that my own position with respect to these matters is quite clear. Rather, when one comes into a debate after it has been going this long he feels an obligation to deal with some matter that has not previously been dealt with. Therefore I raise the matter I referred to at the outset of my remarks, in the hope that something might yet be done about it this year, or if not this year, another year, namely the limited way in which deductions for medical expenses are allowed.

We all support the idea that there should be some consideration in the income tax to those persons who are hit by heavy medical expenses. There is a notion abroad, however, that the provision in that respect is much more generous than it actually is. The lack of generosity which I allege arises from the fact that the taxpayer is not permitted to take from his net income the total amount of his medical expenses, but rather only that portion of his medical expenses which is in excess of four per cent of his net income.

Mrs. Fairclough: And under the ceiling.

Mr. Knowles: And, as the hon. member for Hamilton West (Mrs. Fairclough) points out, there is also a ceiling on the total amount that can be deducted. In fact, that will come out in just a moment in what I wish to read from the ordinary income tax form. I am reading from page 3 of the individual tax return for 1950:

> You may not deduct your total medical expenses. The amount deductible is only that portion of the expenses over 4 per cent of your net income and may not exceed: single, $750; married, $1,000; dependents, $250 each ($1,000 maximum).

There are some other rules that follow on page 3 of the income tax form which limit the kinds of expenses that are allowed as medical expenses, mainly payments made to hospitals, doctors, nurses and so on. By no stretch of the imagination do the expenses that are allowed as medical expenses cover all the costs that any family incurs when it is faced with a serious illness.

First I want to say that what I have just read from page 3 of the income tax form is of course taken from section 26, paragraph (b) of the Income Tax Act of 1948, which indicates that there may be deducted by the taxpayer an amount equal to that portion of medical expenses in excess of 4 per cent of the taxpayer's income incurred and paid either by the taxpayer or his legal representatives, and so on.

It seemed to me that the best way to look at this matter was to work out some specific examples and see just what help Canadians who are hit by heavy medical expenses obtain on the basis of that provision in the Income Tax Act. Therefore, I have worked out two or three cases. It happens that I have worked them out on the basis of the rates that applied for 1950 and also on the basis of the new rates that apply for 1951 and subsequent years, namely a 20 per cent increase. I have both sets of figures in front of me, but I think to avoid confusion I had better stick to the new 1951 rates.

I took in the first instance a case of a married couple with no children, and with an income of $2,400 a year, and I asked the question: What assistance, what relief from income tax, will that couple get if in a full year on the new rates it is faced with medical bills amounting to $200? I submit that there will be many cases in Canada of amounts of that much having to be paid during 1951 by families of two people with that much income. Well, if that couple, earning $2,400, has no medical expenses during 1951 and no other deductions allowed from the $2,400 the tax they will have to pay will be $70.80. But by being permitted to deduct from their net income the amount of their medical bills in excess of 4 per cent of their net income the taxes which they would have to pay will be reduced to $52.80. At first blush it may seem very nice on the part of the income tax authorities; but look at it. It is a reduction, a tax relief, of only $18 to a couple who have been faced with $200 of medical expenses out of an income of $2,400 in the year 1951.

On the other hand, Mr. Speaker, may I point out that if that same couple chooses, not involuntarily as is the case with medical expenses, but voluntarily, to give to churches,

charities and so on, of one sort and another, provided that they are approved by the department, the same amount of $200, when that couple comes to file its income return it will get an allowance not just of the portion of that $200 above 4 per cent of the net income, but the whole $200. The result is that they will pay only $34.80 in income tax; in other words, the saving in that case will be $36.

Let me put these two savings before you again, side by side. A couple earning $2,400, having $200 medical expenses in 1951, will get income tax relief against that $200 of $18. If the same couple, not having had medical expenses, gives away $200 to approved charities, they will receive income tax relief of $36.

I am not complaining about the latter, but it does seem to me that the former, namely, medical expenses, should be on the same basis. After all, when we make donations to whatever charities, organizations or churches in which we may be interested, we do it of our own free will. And while it is very popular when some organizations are soliciting donations to point out that there will be income tax allowance for those donations, still I think we should not expect the government to help us out too much with free-will donations we choose voluntarily to make.

Medical expenses are in a totally different category. They are involuntary; they are forced upon us by conditions beyond our control. And I submit the least the government should do is to put medical expenses in the same category as charitable donations. I may point out that when this commendable provision allowing some consideration for medical expenses was first written into the income tax law, when Mr. Ilsley was minister of finance, the original figure was five per cent. Some of us made speeches in those days, like the one I am making tonight; and eventually Mr. Ilsley met us 20 per cent of the way. He reduced that 5 per cent figure down to 4 per cent, and that was a welcome change. But I submit the time has come to wipe out that 4 per cent floor altogether, and to allow the total amount of medical expenses, in the same way that the total amount of charitable donations is allowed.

Perhaps I should put on the record, in case the parliamentary assistant to the Minister of Finance is following me, the fact that there is a ceiling on the amount that can be charged for charitable donations—and I think it is right that that ceiling should be there. I do not think a similar ceiling should be placed on medical expenses, again for the reason that they are involuntary, and that the whole idea of the allowance, when it was first introduced, was that consideration should be given to people who have these exceptionally heavy medical expenses during the course of a year.

Let me take another example, the case of a family earning $3,600 a year, a man and wife and two children. Let us assume that in 1951 such a family is faced with medical expenses amounting to $300—and there will be many families with incomes smaller than that faced with medical expenses equal to that amount, or greater, in 1951. If such a family had no medical expenses their tax on $3,600, at the new rate, would be $240. The right to deduct the amount of their medical expenses in excess of the 4 per cent figure would reduce the $240 tax to $210. In other words, the law as it stands will permit them tax relief of $30 against medical bills of $300. Mr. Speaker, that is not good enough in a day and age when the country is crying for health insurance. It is not good enough to help our people to that very limited extent.

I have here the figures worked out to show what would happen if the same family were to give away $300. In that instance the amount of tax payable would be only $178.80. In other words there would be tax relief of $61.20. Again, let me put the two figures side by side. A family having an income of $3.600—a man, his wife and two children—with $300 medical expenses in 1951, will have a tax allowance of $30 against that $300. The same family giving away $300 would have a tax allowance more than twice the amount of the medical allowance, or an amount of $61.20.

I say the least the government should do is to put the two kinds of expenses on the same level, or in other words allow the whole of one's medical expenses as a deduction from net income before the tax is computed.

I want to give one more example. This time I have taken the case of a man and wife with two children. The income in this instance is $3,600 a year, and the medical expenses amount to $500. Their tax for a full year at the new rates, if they had no such medical bills, would be $240. By taking the deduction above the 4 per cent figure that amount would be reduced to $170.40. In other words there is a saving of $69.60. But if that same family were allowed to deduct the full $500 they would save a total of $97.20. That is little enough to help out with $500 in medical bills, but $97.20 is better than $69.60.

Let me go back over those cases and point out what happens, as so often is the case, when these families are unable to pay the whole of their medical bills within the twelve-month period. We know how many

times that happens. First, let us take the couple with the income of $2,400 and with medical bills of $200 incurred during the year, and suppose that it is impossible to pay off those bills in one year; in those circumstances if the couple pays $100 in one year and $100 in the next, by the time one does the calculating he finds they do not get any tax relief at all.

The same is true of the family drawing $3,600 in salary—a man and wife and two children—and having medical bills to the extent of $300 during the year. If they are able to pay them off in two years, paying $150 the first year and the same amount in the second, by the time the calculations are made we find they get no tax relief at all in lieu of their $300 medical expenses.

Then, with regard to the $3,600 family having medical bills of $500 in the year, and paying $250 in each of two years, we find they would have only $14 in each of those years, or a total of only $28 in tax relief, against a total medical outlay of $500.

I submit that those figures tell the story of how little the present provision means, and that it is time for the kind of consideration Mr. Ilsley gave to our representations years ago, which led him to reduce that 5 per cent down to 4 per cent. It is time for further consideration of this matter—only this time let the government wipe out the 4 per cent floor altogether, and allow the whole of one's medical expenses against net income.

As I said earlier in my remarks, the items allowed as medical expenses do not cover all the costs a family incurs when it runs into illness. The law allows the doctor's bill, the dentist's bill, the hospital bill and the nurses' bills. I am glad to say that in the budget this year allowance is being made for a limited list of drugs. But there are many other drugs that are necessary and are prescribed by physicians that cost people many dollars per year, but which are not included as an exemption. When there is illness quite often extra help is required in the home, the food bill goes up, and in many cases time is lost by the wage earner. These things are not allowed as medical expenses, yet in many cases they equal or exceed the actual amount allowed by the terms of the income tax law.

I recognize the difficulty in defining medical expenses to include these other items, but because of that difficulty I think the government should go the whole way so far as these allowable expenses are concerned and see to it that the 4 per cent floor is wiped out altogether. I make no bones about it; I think the government should go further than that. I think that the amount of medical expenses incurred by a family, so long as you define medical expenses in the narrow terms set out in the law, should be allowed, not just as a deduction from the net income before the tax is computed, but as a deduction from the amount of the tax itself.

I go back to the family at $3,600, the man, wife and two children, with $300 medical expenses during the course of the year. If there was no illness their tax would be $240. What is the matter with wiping out the whole $240 in order to help that family with its $300 medical expenses during the year? I submit that that is living up to the spirit that led the government in the first instance to bring in the provision about which I am now talking.

We have talked for many years in this country about health insurance. In a few moments, when I associate this question with another question, I shall pile evidence up on my desk to indicate the amount of consideration that has been given to that question and to certain other questions. Despite all the talk, despite all the documents that grace the shelves of this building, we still do not have health insurance. We still have no real assistance for our people when they are faced with heavy medical bills. I want health insurance to be brought in. I regret the negative answer the Minister of National Health and Welfare (Mr. Martin) gave me earlier in this session when I suggested that there be set up a committee to go into this matter, comparable to the committee that dealt with old age pensions last year. For my part I intend to continue pressing for that action.

Until such time as that action is taken I say that the least this government can do is to show its concern for the financial problems created by the health of our people and to make one or other of the more generous arrangements I have suggested with respect to allowances against income tax for medical expenses. My first suggestion is that the least they should do is to put medical expenses on the same basis as charitable donations. My other proposal, which I favour more strongly, is that the total amount of medical expenses should be allowed as a deduction, not from the net income before the tax is computed but from the actual tax itself.

It is well known to the people of this country and to the people of the entire world that health is a precious asset. Ill health, sickness and operations of one sort or another hit a large percentage of our people, and the bills that go with them become millstones around the necks of far too many. Surely it is part of the functioning of democracy, surely it is part of the business of

our government to deal with the problems of our people and to try to solve in some way this question of medical expenses. It calls for far more than I am asking for tonight; it calls for a well-rounded program of health insurance as part of an over-all program of social security. May it come soon, but in the meantime, and since we have the kind of government that takes time to do these things, surely what I am asking for now is the least that can be done. I urge consideration of these points by the Minister of Finance and the government with the least possible delay.

I said that I had some evidence here that I wanted to pile up on the desk. I held it back because I wanted to present it with respect to two matters. I have had a bit to say just now about health insurance and the discussing of this question that has taken place in this country for many years. The same thing has been going on with respect to old age pensions. I know that there is abroad in the country today a feeling that we have just about reached the goal with respect to old age pensions. Far from it! There is a notion that it is just a matter of weeks or months until the recommendations of the parliamentary committee on old age security which sat last year will be implemented and then all will be well.

Well, there are two questions about that that bother me. The first is: When is it going to be done? We have the promise of the Prime Minister (Mr. St. Laurent) that there will be no unnecessary delay. We have the assurance of the Minister of Justice (Mr. Garson) that there is no act of omission on the part of the government that is causing delay. But still there is delay. Still the people are wondering when the means test is going to be removed at age 70 and when there is going to be a pension at age 65.

There is the old question about consultation with the provinces and we have these letters, telegrams, perhaps telephone calls and all the rest of it. We have had that sort of thing for a long time. One thing I am wondering about just now is what this increase in the sales tax announced by the federal government will do to the thinking of those few provinces that want a provincial sales tax along with a new old age pensions program.

Frankly I am sorry that the federal government ever let that concept of a provincial sales tax get associated with the new old age pension plan. The committee of last year was asked by certain witnesses to consider a sales tax as a means of financing old age pensions, but the committee rejected it out and out. The committee made other suggestions as to ways in which old age pensions might be financed, but no sales tax or turnover tax was acceptable to the committee. I deplore the fact that that idea is now being thought of at all and that the constitutional amendment to make possible old age pensions such as the committee recommended last year and the constitutional amendment with respect to a provincial sales tax are being associated together. They do not go together at all. The one does not depend on the other.

My fear is that now the federal government has increased its sales tax some of the provinces are going to say that there has been a breaking of faith in that matter and we may have the whole thing in a mess once more. The federal government will blame the provinces and vice versa. That has happened before about matters that were of dominion-provincial concern. I say to this government that if it uses the difficulties of dealing with the provinces or any other excuse for delaying much longer the implementation of the recommendations of the committee of last year it will incur the intense disfavour, the unending criticism—perhaps I should use stronger words than that—of the people of this country from coast to coast.

If there is one thing that the people of Canada know that this government promised, that this government said it would do something about, it was old age pensions. I tell this government that if it even leaves it to the eve of the next election it will find that the people of Canada will give them a severe rebuke. The time for action on old age pensions is now, not next year when many of the people affected will no longer be alive. It should be done now when they really need it.

My other concern about the recommendations of the committee is with respect to the $40 figure. It was unfortunate that the committee did not see fit last June to make a recommendation with respect to that phase of the matter, but look what has happened since then to the cost of living. The result is that $40, which is still the maximum federally for our old age pensions, is worth only $22.25 in terms of 1935-39 dollar values. Therefore it seems to me, Mr. Speaker, that the time has come not only for the removal of the means test at age seventy, not only for the lowering of the age to sixty-five, but for increasing the amount of the pension, and I urge that consideration be given to that by the government.

I am sure there are some hon. members opposite who wonder why I keep on making speeches about old age pensions, particularly

after the partial but significant victory we won in the committee of last year. Why do we not sit back and wait for the thing to happen? Here is why, Mr. Speaker. I have piled up here in my deskmate's seat, and I will now pile them up on top of the desk, some of the documents that indicate the attention and thought that have been given to the two subjects about which I have been talking tonight most of all, health insurance and old age pensions. The documents I have go back only a decade. That is the length of time I have been around these parliament buildings.

First of all, a decade ago there was the Sirois report, three volumes, very significant, and the result of this report was to be the remaking of the Canadian constitutional and financial set-up. Included in the Sirois report are discussions and recommendations about a better basis for old age pensions, and about health insurance. I can remember in my younger days, when I sent a dollar to the king's printer to get these books and read these sections, I thought it would not be long until we would be approaching the millennium. I do not suppose very many hon. members of the house even have copies of this set of books. In fact they are out of print now. You cannot get them, but there they are. Away back in 1940 there were recommendations with respect to old age pensions and health insurance.

Of course the matter was not allowed to die right away. In 1943 there was set up in this house a special committee on social security. I well remember the debate on the motion to set up the committee. I was still a young member of parliament, and again I was enthused that there was a proposal to go into this whole question. I was enthused by the nature of the debate. There seemed to be interest on all sides of the house—and this was in the middle of the war, if you please, when we were hoping for a brave new world—in doing something about the important question of social security. The committee met, and there are its minutes of proceedings and evidence starting at March 16, 1943 and running through until July 21 of that year.

That committee did not only do its own thinking and discussing of the matter. It was furnished with some useful information. To begin with, it had before it this document prepared for the special committee on social security, entitled health insurance report of the advisory committee on health insurance appointed by order in council P.C. 836 dated February 5, 1942. There it is, a fine big book over two inches thick, which is an excellent treatise on the whole question of health insurance. I well remember when it first came out. To me it was so valuable a document that I tried to get a number of copies of it to send to people interested in the question of health insurance, and it was difficult to do so. When one sent to the distribution office one was told that they did not have very many copies, and it was pretty hard to get even one at a time. I remember that a year later word came from the distribution office that they had a large supply of this book downstairs, and would members please send for them and help get rid of them. They were cluttering up the shelves in the distribution office. I think I got twenty or twenty-five just as easily as that. Interest had been lost in this particular document, but there it was in 1942 and 1943 for the benefit of that committee.

In addition, the social security committee had laid before it the Marsh report, a report on social security for Canada prepared by Dr. L. C. Marsh for the advisory committee on reconstruction. That was another committee. I did not bring their minutes down here, but the Marsh report was also laid before the special committee on social security. I was glad to hear Canadians being reminded of this report last Sunday night on the C.B.C. by Dr. Marsh himself, and I believe he is to speak again next Sunday night. He is reviewing the extent to which some progress may have been made since the days of that report. It was an over-all comprehensive report dealing in the main with these two important questions of old age pensions and health insurance.

What came next? The next important date was Saturday, July 29, 1944, when there was tabled in the House of Commons by the then minister of pensions and national health, the late Ian Mackenzie, a draft bill on health insurance. It is a document half an inch thick and it forms a part of the official records of the house. It is included in the *Journals* of the House of Commons for 1944-45. It is difficult to locate a copy of the bill itself today but there it is, in the *Journals*—a draft bill, which some of us thought meant that there would be action at the next session; but nothing was ever done about that draft bill.

I move on. In 1945 we had an election, and after the election we had a dominion-provincial conference. There was laid before that conference these green books including in particular a document on health, welfare and labour, and another containing the dominion government's proposals to the provinces. As hon. members will recall, two of the main items in those proposals were national old age pensions and a program of health insurance. We have not only these books which

constitute the documents laid before the conference but we also have this book an inch and a half thick which is a summary of the discussions at the conference at which two of the main questions were those to which I am referring, health insurance and old age pensions.

I move on. I point out, Mr. Speaker, that if I had also taken the trouble to collect and bring down every volume of *Hansard* in which these questions have been discussed this pile would be too high for me to handle. Therefore I have left out all the *Hansards* containing discussions of these matters in the House of Commons. I now jump all the way from 1945 right down to 1950, and I lay on the pile next the minutes of proceedings and evidence of last year's special committee of both houses of parliament on old age security. We had some discussion of health insurance in that committee as well but that was beyond our terms of reference. Therefore our recommendations related only to old age pensions. We recommended in the main that the means test be removed as at age seventy, and that the pension as at age seventy be paid 100 per cent by the federal government. In addition, we recommended that there be inaugurated a pension at sixty-five to run from sixty-five to sixty-nine and to be paid fifty-fifty by the provinces and the dominion.

I want to say that it was an excellent committee. I remember with a great deal of pleasure the experience of being a member of it. We did a good job, an exhaustive job, and we educated a great many people.

Mr. Laing: A good committee.

Mr. Knowles: The hon. member for Vancouver South (Mr. Laing) is interjecting, and he is perfectly right, it was a good committee, did a good job, and produced a report, a blue book. I put it on top of the pile. My only hope, Mr. Speaker, is that this pile of books is not an altar that is going to be consumed by fire; I don't want that to happen to this blue book.

Mr. McCann: Why don't you get on top?

Mr. Knowles: We thought that was the end of talking about these things, that we were going to get action. Well, that book does not remain the topmost one on the pile; I have to put on at least two more. I now add the proceedings of the constitutional conference between the federal and provincial governments which took place at Quebec, September 25-28, 1950, and then the proceedings of the conference of federal and provincial governments at Ottawa, December 4-7, 1950. There it is; quite a pile.

Mr. McCann: Put the public accounts on top of it.

Mr. Knowles: Well, I do not doubt that they might have talked about these matters in the public accounts committee, but I have been conservative in this matter. I have limited myself to documents reporting proceedings that have borne directly upon these two questions, and in this whole pile I have not included a single *Hansard*.

Mr. McCann: Have you read them all?

Mr. Knowles: I am not yet forty-three years old; there has not been time.

Mr. McCann: What good are they, then?

Mr. Knowles: I for one know what is in these books right from the bottom to the top. That is a fine array, is it not, showing the thought and work that have been put into these matters. And what have we got? We do not have health insurance, though it starts in the bottom book and works right up to the top. What have we in terms of old age pensions? People around me are saying we have Liberal promises, but they are worth nothing. When the book at the bottom of the pile was printed the old age pension in this country was $20 a month at age 70 with a means test as long as your arm. What is it today? It is $40 in 1951 currency but it is worth only $22.25 in 1935-39 dollars, still payable at age 70, with a means test still as long as your arm. I submit that we have had enough of this kind of thing and that the time has come for action.

Mr. McCusker: I suggest that there is an extra means test imposed by the C.C.F. government in Saskatchewan.

Mr. Blackmore: That was a wonderful contribution.

Mr. Knowles: It is possible to discuss that if the hon. member wishes. He knows that the means test which applies in Saskatchewan is the means test determined by federal legislation which fixes a ceiling of $50 on a single person and $90 on a married couple.

Mr. McCusker: I would correct the hon. member on that. The provincial government makes an extra contribution towards the old age pension and imposes a means test.

Mr. Knowles: The hon. member is completely wrong. The provincial government makes an extra contribution within the $50 for single persons and $90 for married couples provided by federal legislation. If the hon. member for Regina City (Mr. McCusker) is so scandalized by a means test, I suggest he should do something to remove it from the federal legislation. Let us get

rid of it not next year, not the year of an election, not ten years from now but right now, when it will mean something to our people, particularly in view of the present high cost of living.

If hon. members do not remember what I have said tonight, Mr. Speaker, I hope they will remember this pile of documents, at least two feet if not thirty inches high, showing the attention and thought that have been given this matter by many members of parliament and others who have worked hard. I say it is a crime that all we have got—

Mr. Laing: There is not much wrong with the three volumes on top.

Mr. Knowles: No; the third from the top is the blue book with which the hon. member for Vancouver South (Mr. Laing) and I had a fair amount to do, and it is a good book. There is not much wrong with the other two, but we still do not have a proper old age pension.

Mr. Laing: You know the reason.

Mr. Knowles: Yes, I know the reason; but it is not going to be satisfactory to me or to the old age pensioners to still know the reason a year from now, two years from now or ten years from now. It is not the reason for delay we want, or the excuse; it is the implementation of what is in those books, on the statute books of this country.

Mr. Laing: That is what the government wants too.

Mr. Knowles: Then let them do it, and let them do it now.

On motion of Mr. Weir the debate was adjourned.

BUSINESS OF THE HOUSE

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

He said: Tomorrow we will continue this debate.

Motion agreed to and the house adjourned at 10.45 p.m.

HOUSE OF COMMONS

Wednesday, April 18, 1951

The house met at three o'clock.

CANDY

EFFECT OF BUDGET PROPOSALS ON PRICES—REFERENCE TO REMARKS IN DEBATE ON APRIL 16

Mr. J. M. Macdonnell (Greenwood): Mr. Speaker, I rise on a question of privilege. Speaking in the budget debate on Monday I said, among other things, as reported at page 2051 of *Hansard:*

I understand that the taxes on chocolates were reduced two cents a bar, but the price came down only one cent a bar.

It has been brought to my attention by the confectionery industry of Canada that that was a mistake. I wish to read a brief extract from a letter I received:

Before the interim budget was brought down last September, candy bars were selling at seven cents, with popular acceptance, as evidenced by sales.

The reimposition of the excise tax of 30 per cent meant an increase in cost to the manufacturers of 29 cents a box of 24 bars, or 1·21 cents per bar. The candy manufacturers passed on to the consumer 24 cents per box, or one cent a bar, making bars eight cents, thus absorbing five cents per box.

Due to public resistance to this tax increase and subsequent alarming decrease in sales, manufacturers reduced bars to seven cents, thus absorbing the entire tax.

The relief given the industry in the present budget is half a cent a bar, which the manufacturers cannot pass along, having absorbed the tax already.

I wish, Mr. Speaker, to express my regrets to the house and to the confectionery industry for this mistake.

RAILWAYS AND SHIPPING

Second report of the special committee on railways and shipping owned, operated and controlled by the government.—Mr. Cleaver.

REFERENCE OF CERTAIN ITEMS TO COMMITTEE OF SUPPLY

Hon. Lionel Chevrier (Minister of Transport) moved:

That votes 493, 495 and 501 of the estimates approved and reported upon this day by the sessional committee on railways and shipping owned, operated and controlled by the government be referred back to the committee of supply.

Motion agreed to.

PRIVATE BILL

REFERENCE OF PETITION TO COMMITTEE ON STANDING ORDERS

Mr. R. R. Knight (Saskatoon) moved:

That the petition to incorporate the Ukrainian Catholic Episcopal Corporation of Saskatchewan, presented on April 17, 1951, together with the report made thereon by the clerk of petitions on April 18, 1951, be referred to the standing committee on standing orders for such recommendations as may be deemed advisable.

Motion agreed to.

QUESTIONS

(Questions answered orally are indicated by an asterisk.)

GOOSE AIRPORT

Mr. Higgins:

1. Are installations being made by the United States at Goose airport?
2. If so, what installations, and when are they to be made?
3. What is the amount of the proposed expenditures for same?

Mr. Blanchette:

1. Yes.

2 and 3. From time to time the U.S. air force does work on existing buildings or adds to accommodation as required in accordance with arrangements agreed to by the Canadian government. It is not considered necessary or desirable to obtain or give detailed information including amounts of proposed expenditures being made by another friendly country in accordance with these arrangements.

PENSIONS AND FAMILY ALLOWANCES—CITY OF WINNIPEG

Mr. Pouliot:

1. What amount has been paid in each one of the constituencies of the city of Winnipeg, for (a) old age pensions; (b) pensions to the blind; (c) family allowances?
2. For the last twelve months, what was the number of recipients, of (a) old age pensions; (b) pensions to the blind; (c) family allowances, in each one of the constituencies of the city of Winnipeg?

Mr. McCusker:

1 (a) and (b); 2 (a) and (b). The only records in connection with old age pensions and pensions for blind persons furnished to federal authorities by the provinces are the monthly

paylists and related accounting and statistical information. These records are provided solely for the purpose of enabling federal auditors to determine the amounts of federal contributions at the end of each quarter.

The Manitoba paylists show the names of persons receiving pensions from the provincial pension authority arranged in numerical order. The information requested cannot therefore be obtained from the records furnished federal authorities by the Manitoba authorities.

1 (c) and 2 (c). Family allowances statistics are maintained on a province-wide basis only. The information requested therefore is not available.

CHIROPRACTIC—TRAINING OF TECHNICIANS

Mr. Poulin:

1. Has the Department of National Health and Welfare contributed financially, since 1940, to the training of technicians in chiropractic?

2. If so (a) where were such technical courses given; (b) how many persons took same; (c) how many have obtained a certificate; (d) what amount of grant is made to each holder of a certificate; (e) what is the duration of such course; (f) where did these persons practise after obtaining certificate?

Mr. McCusker:

1. No; no projects have been submitted by the provinces under the general health grants program for the training of technicians in chiropractic.

2. See answer to No. 1.

CANADIAN ARMY—TRANSFERS FROM ACTIVE TO SPECIAL FORCE

Mr. Fulton:

1. What were the totals of transfers by months since August 1, 1950, to date, from the Canadian army active force into the Canadian army special force?

2. Are these totals included in the figures given of the totals of enlistments in the Canadian army special force?

Mr. Blanchette:

1. August, 1950 38
September 110
October 170
November 464
December 147
January, 1951 157
February 236
To March 31 65

2. No.

NEWFOUNDLAND—TRAWLERS

Mr. Browne (St. John's West):

1. What are the names of the trawlers operating out of Newfoundland?

2. Who are their respective owners, and out of what ports do they operate?

3. What varieties of fish, and what quantities of each were caught by each of the said trawlers in 1950?

Mr. MacNaught:

1 and 2.

Name	Owner	Port from which operated
Blue Foam	Northlantic Trawling Co. Ltd.	St. John's
Blue Spray	Northlantic Trawling Co. Ltd.	St. John's
Blue Surf	Northlantic Trawling Co. Ltd.	St. John's
Mustang	Fishery Products Ltd.	Burin
Zebu	Fishery Products Ltd.	Burin
Zibet	Fishery Products Ltd.	Burin
Zerda	Fishery Products Ltd.	Burin
Zebroid	Fishery Products Ltd.	Burin
Boston Hornet	Fishery Products Ltd.	Burin
Dingo	Blue Water Shipping Co. Ltd.	Burin
Nordeaster I	North Eastern Fish Industries Ltd.	Harbour Grace
Nordeaster II	North Eastern Fish Industries Ltd.	Harbour Grace
Pennyson I	John Penny & Sons Ltd.	Ramea
Violet Dicks	A. Wareham & Sons Ltd.	St. John's
Tem	Christensen Canadian Enterprises Ltd.	Burin

3. Varieties caught are cod, haddock, rosefish, hake, halibut and sole. Information as to quantities caught by individual trawlers not available.

ARREST OF CANADIAN NUNS IN CHINA

Mr. Gagnon:

1. Has the Canadian government received any report from the foreign office or other sources concerning the arrest of Canadian nuns in China, since March 20, 1951?

2. If so, on what date, and what is the tenor of such report?

3. Have any protests against the conduct of the Chinese government in this matter been sent to the United Nations council?

4. If so, when, and in what form?

5. Is the government taking steps in order to help these nuns, and to repatriate them if necessary?

Mr. Lesage:

1. Yes.

2. Canadian trade commissioner, Hong Kong, March 20, April 2; Canadian consulate general, Shanghai, March 28; United Kingdom foreign office, March 29, April 2 and April 3. Information about the tenor of these reports is contained in the answer made by the Secretary of State for External Affairs on April 16 to the question of the hon. member for Saguenay (Mr. Brisson).

3. Under article 35 of the charter of the United Nations, a member of the United Nations may bring a dispute or a situation to the attention of the security council only if the continuance of that dispute or situation is likely to endanger the maintenance of international peace and security.

4. Answered by No. 3.

5. Yes.

CANADIAN ARMED FORCES—ENLISTMENTS AND RELEASES

Mr. Fulton:

1. What were the totals of enlistments in the Royal Canadian Navy, the Canadian army active force, the Canadian army special force, and the Royal Canadian Air Force respectively, for the month of March, 1951?

2. What were the totals of all releases from each service as above for the same month?

Mr. Blanchette:

1 and 2.

	Enlistments	Releases
Royal Canadian Navy	591	158
Canadian Army	1,056	580
Royal Canadian Air Force	1,245	79

Recruiting for the special force was carried on only to a very limited extent subsequent to the month of September, 1950, and was stopped entirely on March 21, 1951.

CANADIAN ARMED FORCES—RECRUITING ADVERTISEMENTS

Mr. Fulton:

What were the total expenditures for each of the first three months of the current year on recruiting advertisements and posters for all three services, including reserves and cadets?

Mr. Blanchette: January, 1951, $172,401.89; February, 1951, $223,170.47; March, 1951, $315,177.32.

QUESTION PASSED AS ORDER FOR RETURN

NEWFOUNDLAND—EXPORTS OF FROZEN AND FRESH FISH

Mr. Browne (St. John's West):

1. What was the export value of frozen and fresh fish exported from Newfoundland in 1950?

2. What was the quantity and value of lobsters exported from Newfoundland in the years 1946 to 1950?

3. To what markets were the same exported?

Mr. McIlraith: Return tabled.

MOTION FOR PAPERS

CROWN ASSETS DISPOSAL, 1946-51

Mr. Diefenbaker:

For a return showing a list of all (a) real property; (b) buildings, sold or disposed of by War Assets Corporation to the value of $25,000 or more between the first day of January, 1946, and the first day of April, 1951, and the names and addresses of the persons to whom such sales, or disposal, were made.

Mr. McIlraith: Mr. Speaker, I have spoken to the hon. member who is moving this motion, and I would ask that it be permitted to stand.

Motion stands.

POSTAL SERVICE

LETTER CARRIER SERVICE TO RECENTLY ANNEXED PARTS OF OTTAWA—DIFFERENCES IN RATES WITHIN THE CITY

Mr. L. Langlois (Parliamentary Assistant to the Postmaster General): Mr. Speaker, I wish to refer to a question which was asked on Friday last by the leader of the opposition (Mr. Drew), as reported at page 1987 of *Hansard*. I indicated at that time that I was going to investigate the matter and report to the house. I had planned on making a statement yesterday, but as the hon. member was not in his seat I thought it preferable to wait until today.

The existing legislation provides a rate of four cents on a letter, and makes an exception when the letters are not transmitted through the mails but are posted and delivered at the same office. In the latter case the rate known as the drop letter rate is three cents. Postage rates on letters are therefore statutory, and the Postmaster General has no latitude.

Letter carrier delivery is an expensive service, and it would be unnecessarily wasteful and economically indefensible to grant letter carrier delivery to every residence within municipal boundaries. Furthermore, there are certain conditions which govern the establishment of the letter carrier delivery service, such as:

1. The area to be served shall be immediately adjacent to the existing letter carrier delivery boundaries.

2. It shall be compactly built up, so that the letter carrier is not traversing vacant spaces in giving delivery.

3. The average distance between points of call must not exceed forty yards.

4. In the proposed letter carrier delivery area there must be good walking conditions, namely, sidewalks, paved or good gravel roads, open and traversable under all weather conditions.

5. There must be suitable walks from the street line to the residences.

6. Houses must be systematically numbered, and before delivery begins must be equipped with mail receptacles or slots in the doors.

7. Streets must be named, and the names must not conflict with street names already served by letter carrier delivery.

8. Streets must be labelled at intersections.

These involve a certain amount of co-operation on the part of the residents themselves; but when the conditions are complied with, and the area is such as to justify any necessary expense involved, the department is always willing to give the matter the most favourable consideration.

The postal needs of the added areas have been very carefully studied and, as I stated here on Friday last, the result has been fully and satisfactorily explained to a delegation representing the city of Ottawa, which included His Worship the Mayor. A full statement of the position at that time was contained in a follow-up letter to the mayor, a copy of which was sent on February 27 to the leader of the opposition.

Our latest reports indicate that before long some of the areas will have complied with the conditions and will then receive the promised service.

Dealing particularly with the city of Ottawa, the boundaries have been extended to an unusual degree. To grant the drop letter rate to all residences within the area would, as indicated a moment ago, not only be inconsistent with the provisions of the act but would create an undesirable precedent, and it is not felt that there is any justifiable reason for treating one city differently from other cities in Canada so far as this question of the drop letter rate is concerned.

In conclusion may I be permitted to add that the difficulties experienced by residents of the districts involved could to a great extent be avoided if they always gave their correct post office address on their letterheads or stationery, and each time gave their address, such as Westboro post office, Woodroffe post office, Carlington post office, etc., instead of simply using their street address and "Ottawa".

[Mr. Langlois (Gaspe).]

Mr. George A. Drew (Leader of the Opposition): Mr. Speaker, I would point out that the answer given by the parliamentary assistant does not cover one very important consideration. I pointed out to the Postmaster General (Mr. Rinfret), in the letter in which I brought this matter to his attention most recently, that if there is any difficulty in dealing with this question an amendment could be made, as parliament is now in session.

My question was directed also to whether it is the intention of the department to cure this very real injustice, because there is no way in which a person living in these areas, whether it be Ottawa or anywhere else, can prevent the payment of penalty postage in addition to the ordinary extra postage when circulars and catalogues and things of that sort are sent to him by commercial houses in the city under the natural assumption that the same postage rate applies throughout the whole city.

Mr. Langlois (Gaspe): I have made it clear in my statement that there is no discrimination against one city or another, or against Ottawa in particular. The Post Office Act applies equally and evenly to all cities and sections of Canada. The hon. member surely realizes that an amendment such as he suggests would be a matter of government policy. It is not, however, to my knowledge that such an amendment is contemplated.

Mr. Graydon: May I ask the parliamentary assistant whether any revision of the Post Office Act is under contemplation for introduction during this session? I understand that some work is being done on the matter by government officials.

Mr. Langlois (Gaspe): That, again, is a matter of government policy which will be announced in due course.

Mr. Graydon: May I ask the parliamentary assistant if he is aware that the Post Office Department's public relations have now reached a new low?

TORONTO MAIL CARRIERS—INVESTIGATION OF WORKING CONDITIONS

On the orders of the day:

Mr. J. W. Noseworthy (York South): In the absence of the Postmaster General I should like to direct a question to his parliamentary assistant. Will he give us a report on the result of the department's investigation of the working hours and other working conditions of the mail carriers in Toronto, and tell us what, if any, changes have been made as a result of the investigation?

Mr. L. Langlois (Parliamentary Assistant to the Postmaster General): I respectfully submit that such a question should be put on the order paper. However, I received no notice of it but I will take the question as notice and answer it in due course.

VETERANS AFFAIRS

VETERANS BUSINESS AND PROFESSIONAL LOANS ACT—EXTENSION OF APPLICATION, ETC.

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

That it is expedient to introduce a measure to amend the Veterans Business and Professional Loans Act to make the act applicable to a greater number of veterans and to enlarge the period within which guaranteed loans may be made under the act.

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

Motion agreed to.

BUSINESS OF THE HOUSE

BUDGET DEBATE—SUSPENSION OF STANDING ORDER 28

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

That in relation to the adjourned debate on the motion of the Minister of Finance that Mr. Speaker do leave the chair for the house to resolve itself again into committee of ways and means and any amendment or amendments thereto, on the budget brought down Tuesday, April 10, 1951, the provisions of standing order 28 be suspended until the said debate be concluded.

Motion agreed to.

RAILWAYS

QUESTION AS TO FREIGHT SERVICE FOR FARM PRODUCE

On the orders of the day:

Mr. E. B. Huffman (Kent, Ont.): Mr. Speaker, I should like to direct a question to the Minister of Transport. In the *Globe and Mail* under date of April 18, and on the radio, it has been stated that all freight service for farm produce from rural centres in the London district, which includes the greater part of southwestern Ontario, will be discontinued on Saturdays as of June 1. Can the minister say whether this statement is correct, or will the present service be continued?

Hon. Lionel Chevrier (Minister of Transport): Mr. Speaker, I did not read the statement in the *Globe and Mail* to which my hon. friend has reference, but I heard it over the radio, and the statement made over the radio is inaccurate. From the information I have, when both railways put the forty-hour week into operation they will not in any way affect carload shipments. In other words, the regulations as to carload shipments or more will remain in operation as they are at present. Less than carload lots will be affected to this extent, that instead of receiving shipments on six days of the week they will be received on five days only.

WHEAT

QUESTION AS TO OFFER MADE BY CANADA TO INDIA

On the orders of the day:

Mr. J. G. Diefenbaker (Lake Centre): Mr. Speaker, I wish to direct a question to the Secretary of State for External Affairs arising out of a press dispatch with reference to a statement made in the parliament at New Delhi, India, by the deputy food minister, Mr. Rao, with respect to Canadian wheat being shipped to India in order to relieve the starvation faced by some forty million Indians. Are negotiations proceeding with a view to providing wheat under the Colombo pact in order to alleviate the conditions in which so many of our fellow members of the commonwealth find themselves today by reason of food shortages?

Hon. L. B. Pearson (Secretary of State for External Affairs): Mr. Speaker, the position in this matter remains as stated by me on April 9 in answer to a question by the hon. member for Rosetown-Biggar. I have seen the reports to which the hon. member for Lake Centre refers, but have not had any confirmation of them from official sources. In any event, I think these reports would not contradict what I said on April 9. They merely indicate that the Indian government prefers not to take as part of our contribution to the Colombo plan class 5 and 6 wheat now but rather to wait until later in the year when they might be able to get wheat of a higher grade.

Mr. Diefenbaker: Has the Indian government agreed to accept wheat from Canada later in the year as part of the Colombo plan?

Mr. Pearson: Yes, they have agreed to accept wheat as part of the Colombo plan, the proceeds from the sale of which would go into capital development in India.

POULTRY

NEWCASTLE DISEASE IN BRITISH COLUMBIA—USE OF BRITISH VACCINE

On the orders of the day:

Mr. G. R. Pearkes (Nanaimo): Mr. Speaker, I should like to direct a question to the

Minister of Agriculture. Are officers of his department using a British vaccine with the idea of curbing Newcastle disease in British Columbia? If so, will the minister say what results have been achieved?

Right Hon. J. G. Gardiner (Minister of Agriculture): The hon. member was kind enough to send me a copy of his question, and I have had an answer prepared. British vaccine is not being used to curb Newcastle disease in British Columbia. Vaccine used is produced at the animal diseases research institute, Hull, province of Quebec, and is known as the Doyle-Wright vaccine, being made according to the formula of Doyle and Wright, British scientists.

The original issue of this vaccine was found of too high a potency for British Columbia poultry and did not protect as expected. The potency of the vaccine was reduced as of March 31, 1951. Since that date up until today there have been 124 flocks, comprising 81,068 birds, vaccinated with the modified vaccine. No outbreaks have so far occurred among any of these birds, therefore it may be assumed that the results following the use of the modified vaccine have been quite satisfactory.

CHINA

REPORTED ARREST OF MISSIONARY SISTERS BY CHINESE COMMUNISTS

On the orders of the day:

Mr. E. D. Fulton (Kamloops): Mr. Speaker, I should like to direct a question to the Secretary of State for External Affairs. Today's press carries a report that further Catholic sisters in China have been arrested, on the same sort of malicious charges concerning their orphanage as the five Canadian sisters who were previously arrested, and that some of these sisters just now arrested are also Canadians. Is the minister in a position to confirm or deny these reports?

Hon. L. B. Pearson (Secretary of State for External Affairs): No, Mr. Speaker, but we are looking into the matter.

Mr. Graydon: Can the minister give some indication offhand as to the number of Christian missionaries still in Red Chinese territory?

Mr. Pearson: I have no idea how many Christian missionaries there are in Red China. We have an estimate of the number of Canadians in Red China, but I should not like to give that figure offhand. I will see if there is any information that can be obtained, and I will give it to the house at a later date.

[Mr. Pearkes.]

AGRICULTURAL PRODUCTS

QUESTION OF ASSISTANCE TO BRITISH COLUMBIA FRUIT GROWERS

On the orders of the day:

Mr. Arthur Laing (Vancouver South): Mr. Speaker, in the absence of the Minister of Finance I should like to direct a question to the parliamentary assistant. It arises out of an answer made by the Minister of Agriculture on Monday last dealing with the winter killing of fruit trees in the Okanagan valley. Has the Minister of Finance given consideration to a revision of the provisions of the Farm Improvement Loans Act to provide for the removal of dead trees as well as the purchase and planting of replacements.

Mr. James Sinclair (Parliamentary Assistant to the Minister of Finance): The Minister of Finance (Mr. Abbott) and the Minister of Agriculture (Mr. Gardiner) have been giving consideration to the proposal made by the hon. member for Vancouver South on behalf of the fruit growers of the Okanagan valley. Hon. members will recall that the Farm Improvement Loans Act does permit the chartered banks to make loans for the purchase and planting of new trees and also for clearing land. The Minister of Finance, therefore, thought it was reasonable and within the intent of the act to extend the regulations to cover also loans to be made for the removal of the frost-bitten trees before the purchase and planting of new trees.

Mr. Fulton: May I ask why the Minister of Finance waited until the hon. member for Vancouver South made that request, in view of the fact that when the matter was discussed earlier in the house—

Mr. Speaker: Order.

Mr. Fulton: —on the amendment to the Farm Improvement Loans Act, I made exactly the same request?

Some hon. Members: Order.

Mr. Fulton: I am sorry, Mr. Speaker; I did not observe that you were on your feet.

Mr. Speaker: I could not hear all the question, but I do not think it is one that should be asked at this time.

ESSENTIAL MATERIALS

INQUIRY AS TO CONTROL OF SHIPMENTS TO COMMUNIST COUNTRIES

On the orders of the day:

Mr. G. K. Fraser (Peterborough West): I should like to ask the Minister of Trade and Commerce what safeguards are being maintained by the government of Canada to see that essential materials are not shipped out

of Canada to communist countries, such as the five carloads of wool rags worth $77,000 which, according to a report from Washington, have been held up at Boston by United States authorities?

Right Hon. C. D. Howe (Minister of Trade and Commerce): Under the Export and Import Permits Act very tight control is imposed on shipments to countries behind the iron curtain. In the case of the wool tops the shipment was made to what was believed to be a reputable house in Boston. Through some juggling of the export permits the material was being transshipped to one of the communist countries, I believe Poland. In co-operation with the United States authorities the situation was investigated, the shipment was halted, and consideration is being given to a prosecution as soon as the facts are made clear as to responsibility.

Mr. Fraser: Will this firm in Boston now be put on the blacklist so far as shipments of that kind are concerned?

Mr. Howe: I cannot say as to that. It will depend on the action that may be determined upon by the authorities of Canada and the United States.

Mr. Graydon: May I ask the minister if this is the first case of this kind that has come to the attention of the government?

Mr. Howe: It is the first that has come to my attention.

THE BUDGET

ANNUAL FINANCIAL STATEMENT OF THE MINISTER OF FINANCE

The house resumed, from Tuesday, April 17, consideration of the motion of Hon. Douglas Abbott (Minister of Finance) that Mr. Speaker do now leave the chair for the house to go into committee of ways and means, and the amendment thereto of Mr. Macdonnell (Greenwood), and the amendment to the amendment of Mr. Coldwell.

Mr. Ralph Maybank (Winnipeg South Centre): Mr. Speaker, the expression "swan song" is apparently of ancient lineage. It has been suggested that philosophers of very olden times came to believe in the idea that swans sang, by a process of deductive logic which ran like this: All birds sing; a swan is a bird; therefore swans sing. But no one has ever heard a swan sing. Hence these ancients squared their logical conclusion with the failure of any person ever to hear a swan sing, by asserting that since no one was ever about when the swan died, probably it was at the time of death that she burst into song. This idea apparently was accepted and gained great currency. Poets and writers have popularized it from that time onward. Only recently I was reading "The Isles of Greece" by Byron, and I ran across this line: "There, swan-like, let me sing and die".

The swan is a beautiful bird. The swan is about as graceful a creature as we have. Usually we picture her as pure white, and, indeed, she is taken as an emblem of purity.

I lack any and all of the attributes of a swan.

Again, according to lore, her song is a deathbed lament, or dirge. While I cannot foresee, being neither a prophet nor the son of a prophet, I do not feel as though I am going to die soon. Because of my unswan-likeness, and the fact that I am still pulsating with life, I do not give the name "swan song" to my remarks today; but this will be my last appearance in the house.

Before bidding farewell, however, I should like to express myself on one or two questions that are before the house and the country at this time.

The first of these is old age security. We are engaged in, what for us, is a very large program of preparation for conflict, and we have the hope that preparation will avoid that conflict. There is no disagreement as to the essentiality of what we are attempting. But we must not allow ourselves ever to say that the essentiality of old age security is less than the essentiality of guns and ammunition.

I have been privileged to see a number of reforms since coming into this house. I have seen many old age pension improvements. I have seen love and appreciation for children translated into concrete legislation in their behalf. I have seen health improvement plans instituted, and I have seen them bring great benefits. I have seen unemployment scientifically attacked by unemployment insurance. I have seen enacted for veterans the best legislation known to the world.

For all this and more the governments and parliaments which did these things are to be praised, and I do praise them.

A good system of old age pensions such as is now proposed by the government can be the coping stone of the edifice so far erected. I hope and expect that will come about this year. I have worked unceasingly for such a measure, and I take pride in the knowledge that it is near. I adjure everyone to press forward the plans. Do not let the fabrication of war materiel be financed by continued penury of aged people.

Before us is another great humanitarian project. Its locale is outside the boundaries

of Canada, but it will return to Canada incalculable spiritual, political, and economic benefits. I refer to that splendidly conceived program for the uplift of people who live in darkness, squalor, poverty and disease, and every kind of misery in south and south-eastern Asia.

It is known as the Colombo plan, and I love the knowledge that it was born while I was here. It can signalize a new day for all the world.

In this scheme for aid we have come completely around the circle from the political ideas which obtained in and prior to the year 1776. At that time Adam Smith wrote that "beggar my neighbour" was the chief motive of government policy. Fortunately civilized people repented of that motive and broke away from it. Mankind came to hold it was not a good motive for government action; but a very bad motive. There, however, we stopped. We did not go on and declare that "uplift my neighbour" was a good maxim of government; and, of course, we did not frame policies to any such end. But lately mankind has begun to talk about the "interdependence" of nations, and this idea of interdependence is gaining wide acceptance.

With the advent of the Colombo plan, we in Canada, with a number of other nations, are proceeding to act upon the true interdependence idea. We are making the idea dynamic. We are seeking to uplift our neighbours.

Let me ask you for just a few minutes to look at the problem, the plan itself, and at the hoped-for results from it. In south and southeast Asia there are 570 million people. That number is one-quarter of the world's population. Their economic level is very low, but I would not say they are the poorest in all the world. Amongst the other three-quarters of the world population there are millions even worse off than these. Even amongst the white race, which is a peculiarly favoured segment of the human race, we have great sections of poverty and suffering. On this continent we are a good deal like a rich suburb surrounded by slums. Neither this country, nor any other, can afford to have, within its boundaries, permanent slums. There must be clearance. Nor can the world continue to have vast slum areas. Either those at the bottom will be lifted up or those higher up will eventually be pulled down.

The one-quarter of the world's population now envisaged is not poor in natural wealth, but its potential has not been touched by the revolution in methods which in the last hundred and fifty years have catapulted the western world ahead. Poor even as they are in south and southeastern Asia, they export nearly all the world's jute, and most of the world's natural rubber. From them we get three-quarters of the world's tea, two-thirds of its tin, and one-third of its oil and fats. Rice, cotton and sugar are likewise produced in quantity, but industrial production is negligible. The 570 millions cannot live on what is produced; indeed they can barely exist.

The situation is worse even than such a statement suggests. The 570 million are increasing. The count of mouths for food goes up, and ever up; the measure of food to fill mouths goes down, and ever down. When one thinks of the vast number of people of Asia, he will think of malnutrition and disease; of rickets and tuberculosis; of vermin and filth and squalor. All such abound. One will think of blindness and maimed bodies; of hunger and thirst to the point of chronic torture. Everywhere there is helplessness and hopelessness to the point of despair. There is not even clothing. In Pakistan people must make-do with no more than nine yards of cotton in a year. Of course, shelter is terrible.

Some people appreciate or apprehend a condition better from a statistic than any other way. For them some comparisons may be offered. Whereas Britain is served by roads to the point of 3·7 miles per thousand of population, in Pakistan they have one-tenth of a mile. As to telephones, the United States has 261 for one thousand people, Britain 98 and Canada somewhere between the two, but in Ceylon there are only 2·2, and only a small fraction of that in India and Pakistan. So, one could go on to give similar figures for all these commodities, the consumption of which is used to measure national welfare.

However we view it, the picture of the plight of these people is enough to break one's heart. But if the horror of it all will not break a man's heart, it ought to frighten him in his mind. Any man who looks at this sort of conditions with complacency is a fool. Widespread misery is bound to have its effect on others. As inexorable as the flow of the tides of the sea is the certainty that misery of this sort will destroy the well-being of people like ourselves. The island of luxury will be engulfed by the stinking flood of poverty around it.

We talk today as if communism were our sole foe. That is nonsense. Certainly it is our enemy, and we must stop it or perish. But do you think we shall be secure when we have destroyed that devil? Well, we shall not be secure then, and incidentally if that is the sum total of our aims we shall not deserve to be at peace and to be secure.

Anyway, we cannot stop communism with a gun. It is an idea, and guns cannot be sighted on an idea. Russian imperialism we can down, but to put down the idea which gives strength to that imperialism we have to remove the conditions which nourish it. We must remember that while we see tyranny as we look at Russia and her system, millions of outcasts see liberation from rapacity of overlords. They see a plan. They will believe that the plan may end their misery. Tyranny does not frighten them; that is all they have ever known.

The first important feature that strikes me about the Colombo plan is that it is co-operative; both the recipient and those who give are working together. Some of the beneficiaries will help others. No one will assert that merely doling out largess is the best way to help people. This is a fault sometimes found with the endeavours of the United States, sincere and charitably motivated as they are. It is always better to help people help themselves. The proposal under this Colombo plan is to spend $5 billion over a period of six years. Each commonwealth nation will subscribe its share. The nations which benefit will put up what they can. Our share is $150 million, which is $25 million per year. This comes to a little less than $2 per head per year for Canadians. Our share is no more than it should be, or could be. The Canadian people would willingly contribute more if they were made to see the need and the benefits. The world cannot suffer from too much benevolence.

I should never like to be caught, and I should not like any Canadian government to be caught, in the way a certain rich man was caught when he went to heaven. He had difficulty, when he came to the gate, in thinking up data about his own charities. The admitting seraph was a little bit dubious about allowing him into the celestial regions; so he sought the advice of St. Peter. He reported that the only benevolence the rich man had been able to recall was a ten-cent gift, one time, to a beggar on the street. St. Peter was reading—probably one of the Winnipeg daily papers—and he looked up from the sheet. Laconically he addressed the angel and said: "Oh, give him back his dime and tell him to go to hell."

In respect of this matter and this project, sir, I should hope that it will be found, before the end of the story is written—as has been the case in many other instances—that Canada will be doing more than she has contracted to do.

It will be of value to glance at the uses to which the $5 billion will be put. The various benefiting nations naturally are proposing different ways of applying the money. Pakistan will use 32 per cent of her allotment in improving agriculture, and 20 per cent in improving transport and communications. One scheme is to build a great barrage across the Indus, in order to irrigate three million acres of land. Another project will irrigate 700,000 acres. Pakistan also proposes to develop industry and mining. Fuel and hydroelectric power will absorb a large part of the fund.

India with her population of 350 millions will spend the largest proportion in the improvement of industries. She will harness some of her great rivers and open up some of her rich mineral sections. Ceylon, Singapore, Borneo and other places will make appropriate uses of the money allocated to them.

As an end result of some of the developments to be undertaken we shall find such an increase in wealth creation as to be startling. At the present time people over there use, as I have said, only about nine yards of cloth per person a year. This can be increased to seventeen yards. They will have thirteen million acres more land under cultivation. Thirteen million acres more will be under irrigation. Food grain production will be increased by six million tons. Bear in mind that food consumption is of the low average of 2,000 calories a day. Twelve ounces of cereals per day is often the total supply of food for a man. Kilowatt hours of electricity will be increased by 1,100,000. Many more direct benefits will result. The accrual of indirect benefits will be almost endless.

As is said in a little booklet put out by the British government:

> Help being forthcoming, there is real ground for hope that the peoples of these areas will gradually succeed in winning for themselves a higher material standard of living than they have known in the past. A long road lies ahead of them, and there are many difficulties and dangers to be overcome, but with the support and encouragement of the other free peoples of the world, they will surely prove equal to the challenge and achieve the measure of prosperity and well being which is their due.

Looking at the whole picture one can state with assurance that, because of what we now do, millions of people will enjoy a better standard of living than ever before in the history of these countries, and, further, that such a result will be an inspiration for other acts to be undertaken, so that this which shall have been done will be but an earnest of that which will afterward be accomplished.

Any who have a part in such a project are entitled to be proud. There is no higher form of service. Burke's studied panegyric

on Fox is the only rhetoric that comes anywhere near adequacy in describing actions of persons responsible for such a beneficence as this, as well its conception, its development, its enactment into law, and its execution. Burke spoke of Fox in terms of praise to a degree that probably no orator has ever equalled, let alone surpassed; and, after it would seem he had reached the zenith of his peroration, he coupled with the name of his then friend the House of Commons itself, in these words:

> In confess I anticipate with joy the reward of those whose whole consequence, power and authority exist only for the benefit of mankind; and I carry my mind to all the people, and all the names and descriptions that, relieved by this act, will bless the labours of this parliament and the confidence which the best House of Commons has given to him who best deserves it. The little cavils of party will not be heard where freedom and happiness will be felt. There is not a tongue, a nation or religion in India which will not bless the presiding care and manly beneficence of this house and of him who proposes to you this great work. Your names will never be separated before the throne of the Divine Goodness in whatever language or with whatever rites pardon is asked for sin and reward for those who imitate the Godhead in His universal bounty to His creatures. These honours you deserve, and they will surely be paid when all the jargon of influence of party and patronage are swept into oblivion.

The whole eulogy will well repay anyone's reading, and its terms, with appropriate changes for time, and place, and persons, apply to those who are today taking part in this magnificent beneficence.

I wanted particularly, Mr. Speaker, to speak of certain matters of public concern. I have done so. I have said what I intended to say upon matters of public importance. May I now be permitted to make some remarks of a personal nature.

This is my last opportunity to make public confession of my feelings towards my colleagues in this house and the many other pleasant and esteemed persons with whom I have been privileged to associate for all or part of sixteen years. I would emulate Art Smith of Calgary in expressing my appreciation to all those persons attached to this building in serving in one way or another the members of the House of Commons. There is no exception I could make in applying to men and women about us the adjectives "smiling, considerate and courteous."

Entering the front door of this building on either of two levels, one is invariably met with a cheery greeting. Post office employees offer help before it is asked. Down the corridors, in the carpenter shop, the barber shop, the mailing room, at the accountant's desk, everywhere, pleasantness is invariable. I have a special word of praise for one, namely, the master of the keys. I am continually losing mine. As for the stenographic pool, as hon. members know, there one gets charm as well as friendship. I do not know what institution could be better served than we are by the messenger service we have; it is prompt, efficient and courteous. You do not have to make yourself believe you are dealing with gentlemen when you are dealing with one of them; you just know it the moment you deal with him. Gentlemanly service at all times is what you get.

I agree with what Mr. Smith said about *Hansard*, its reporters and its editors. I have never had the hardihood to do what he asserted he did. He said he read some of his own speeches and that *Hansard* had made them into good oratory. If they have done that with mine, I should like to compliment them now on being able to make a silk purse out of a sow's ear.

As to the officers of the house, the Clerks, the Sergeant-at-Arms, and the page boys—if we have bothered them, as we must have done many times, they have never shown that they noticed it. The impression I have always had among those who are about us in the house is that there seemed to be a vying one with the other to be of service to us.

Not all persons can be named in a speech of this kind, but I should be remiss if I failed to mention the purveyors of food. In the cafeteria and the restaurant everybody is so nice to us always that, if at any time one is low-spirited, he has himself mentally face-lifted when he receives their service and their food.

After sixteen years I can do some reminiscing, and I should like to mention a few members who have been here in my time. I well remember R. B. Bennett, later Lord Bennett; and what I remember particularly about him was his astounding ability to fight and never stop fighting. I have heard him join issue on questions here as many as a dozen times a day, and always with great energy. We of the party to which I belong did not generally agree with him, but he was a great Canadian.

Jim Woodsworth was another—no question in my mind about that. I knew him for many years, long before I came to the house. I knew him well in the house. I suppose our disagreements with him were as great as they were with R. B. But he, too, was a great Canadian.

I remember with much pride my association with men like Mark Senn, Karl Homuth, Ewen Matthews and Lester Douglas, who left

here but lately, but whom I remember for a long time back; and it was a privilege to know them.

Going back further there was Sam Jacobs. He was a great and colourful commoner. He remarked philosophically at one time, when he was not appointed to the Senate despite the urgings of many Gentile friends that he should be appointed: "Oh, it is all right; I haven't any complaint. I feel I have been given Jew consideration".

There have been many good men, so many good men whom I have met here that I cannot begin to name them all. There is one, however, who is still living in British Columbia, in retirement, whom I should like to name; I refer to Hon. Grote Stirling. I have great respect for him. Mr. and Mrs. George Black, both of whom were M.P.'s, must close my list of celebrated people I have known in the house, but I feel guilty about the many I have failed to mention.

I have deliberately kept below cabinet level, in the main, as befits one below that level himself. Mr. Speaker, I should like to leave behind me a few wishes and hopes. I have mentioned the page boys, and in respect to them I have the wish and hope that the kindly guardianship of our respected friend from Fort William (Mr. McIvor) will continue over them, and that they will accept him as their mentor. They can't go wrong on the advice of the lakeshead sky pilot.

I have some other wishes.

About six months ago I changed my sartorial habits; I began to wear bow ties. This change occurred through the generosity of the Secretary of State for External Affairs (Mr. Pearson). He began to pass on to me the ties he was discarding. Now that I am leaving these parts, I wish he would distribute his old neckwear to the members generally. I used to wear them in order to acquire an air of distinction. He need not give any to the Prime Minister (Mr. St. Laurent); that gentleman is distinguished enough already.

It will not surprise anyone when I say I wish well for the leader of the opposition (Mr. Drew). Although we have not always seen eye to eye, I have for him feelings of regard and esteem. I am pleased to say publicly, as I have already said to him privately, how much I appreciated his sportsmanship and good humour when, at Christmas, after the general election, he sent to all of us a bit of rhyme in which he sort of joked at his own expense over his not-so-good election fortunes. I considered it very sporting; it showed his head was bloody but unbowed. I wish him every success. I mean, of course—and I know he will take no offence over this qualification—I mean every success as leader of the opposition. May he long be spared to lead His Majesty's Loyal Opposition.

To the other groups in the house, and to their leaders, I also express my best wishes. I have no objections to the existence of a threat on the flank; I think it is a good thing, but I am not in favour of its developing to anything more than a threat.

I wish the Secretary of State for External Affairs would do something about making the hon. member for Moose Jaw (Mr. Thatcher) another parliamentary assistant in his department. This is because that member can get fast action in foreign countries. Newspaper headlines about a week ago said two things: No. 1, "Thatcher attacks General MacArthur"; No. 2, "Truman fires MacArthur".

There is a member on this side of the house respecting whom I should like to say something, and to whom I would ask you, Mr. Speaker, to direct your attention. Our member for Dauphin (Mr. Ward) has started to catch and process whales. The steaks from these whales are valuable in more ways than one. First of all, they are good substantial food. Secondly, this meat is filled with hormones—or "hormonees"; I am not sure as to the correct pronunciation. It is said even to be an aphrodisiac. When whale meat is fed to male minks their potency is greatly increased; and when it is fed to female minks their litters are larger. I wish success to the hon. member for Dauphin, and I hope he distributes his product widely. He will relieve much pressure from the Minister of Citizenship and Immigration (Mr. Harris), if he does. After this plug by me, I think the hon. member will experience a terrific senatorial demand for whale steaks.

After the turr debate a little while back, I heard someone speak of men from the big eastern island as "turreadors." No offence is intended. For all of our brethren from Newfoundland I wish that they would come to my province and we will let them shoot all the grain-fed duck, prairie chicken and partridge that they may wish. They are better than turrs. If there are any interfering laws in Winnipeg, Newfoundlanders need not worry. They are grand people and we will not enforce the laws where they are concerned.

I did not mention the press when I was paying my respects to the various people here who serve us. I wish to say now how well the fourth estate has always behaved towards this House of Commons. With the thousands

of reports made and articles written, doubtless comprising millions of words, it is a matter for special remark how seldom anyone has to claim misquotation. I take pleasure in testifying that I have always and everywhere been treated by the press, not merely with fairness but indeed with generosity. It is not amiss I think that I should offer a wish for the gentlemen of the gallery, in addition of course to the very natural one that springs to mind immediately, of continued good relations with this house.

The fraternity has had some domestic trouble lately, and one would wish for them that there should be no more. It must be very sad for this family to be struck at, even if not struck down, from within their own midst. Let us hope that iconoclasts will find other icons to topple over rather than the fourth estate itself. With all the trouble of dealing with this government, this opposition, these opposition groups, and all these members of parliament, the men of the press have a sufficiently heavy "Cross" to bear already.

Facetiousness aside, let me express to all in this house, with some particularity, and generally, the sentiments I entertain. For you personally, Mr. Speaker, it is difficult for me to adequately express my admiration. Comparisons are invidious, and I shall make none, but I will say that it would be impossible to find a presiding officer of any deliberative or legislative assembly who could rise above yourself in all those qualities which we attribute to the ideal Speaker. I know that as long as you grace the throne here we will have dignity in the house, debate will be decorous, and good humour will prevail.

I have always believed that in times of special need the right man is found for a country, and I can confidently appeal to history to support me in this belief. Churchill and Roosevelt are two names that come to mind at once to bear witness. Canadian experience will also supply us with several examples, but no example is better than the one before us today in the person of the Prime Minister of Canada (Mr. St. Laurent). We are in times that require the highest qualities of heart and mind, times that need profound understanding of all kinds and sections of the population. This and much more we have in our first minister, and I have been and am happy and proud to call him my chief.

But at once I think of the opposition, and I have a word for them. I should like in humility—a quality in which I admit I do not excel—and in all sincerity—a quality which I can claim—to thank all sections of the opposition, and all members of the oppositions, for their treatment of me in the many years I have faced them across the floor of this house. I know I am truculent, though good humoured enough when I am not fighting, and that I am provocative. I feel I am provocative to a degree that may often have been objectionable. No fight, however, has left continued anger, or appearance of anger. I have never been unfairly treated by opponents, and I wish to express appreciation to members of all oppositions for the way they have treated me at all times throughout the years.

I depart from this chamber with deep regret. I have always enjoyed what I was doing. Words of John Ruskin which I read long ago come to my mind:

> If a man is rightly employed his amusement comes out of his labour.

I always felt rightly employed and my employment was my recreation.

I have not read any newspaper articles or stories about my retirement, but I have been told that some writers have suggested that I am dropping out of parliamentary life because of frustration, or disappointment, or something of that sort. Any such explanation is wide of the mark. In fact, such an explanation is so wide of the mark that it is not even near the target. I would have been quite content to keep on working here, either at today's level or at the level of former days. I should have continued had it not been for what I shall now state.

The simple truth about my retirement is that I have a wife and three sons to whom I have been only a part-time husband and part-time father for 21 years. In addition to the 16 years in this chamber, I was 3 years in the legislature of Manitoba and 2 years an alderman on the Winnipeg city council. I feel that the condition I have just described should be remedied. My sons are very decent towards me—so is my wife—and have been good enough to say that they would like to have me around more than has been my custom. In fact the youngest one told me not so long ago that he regretted sometimes that I was not handy always, as he put it, because on several occasions he had problems or questions which he had wanted to talk over with me. I want the enjoyment I can get from being in my own home. "Reunion in Winnipeg" is the name of the play on which the curtain rises today. What I have said is the alpha and omega of my decision. It is just as simple as that.

I have been associated with several ministers in departmental work. I could very well be called the peregrinating parliamentary assistant. I fear I did not give them full

assistance at times. I record my gratitude to them for their consideration and forbearance. This particularly applies in the case of the minister with whose name my own is coupled at the present time. He has not had much from me in the way of assistance. I, on the other hand, have had great help from him. The Minister of Resources and Development (Mr. Winters) is one of the truly outstanding persons in Canada's cabinet galaxy. I predict great things for him and that he will go far in continued advancement in this business of government.

I am glad that the Minister of Justice (Mr. Garson) is absent from the chamber today. It leaves me freer to speak of him. He was good enough to say some kind things about me at a certain meeting in Winnipeg, and I had no opportunity of speaking in reply. Among other things, he said I had always given him loyal support, and he extolled me for it. He said I had always given him good advice. I do not know about the advice, but the other statement was factual, I admit. And why would I not be loyal? He earned loyalty. People nearly always invite the treatment they get. The Minister of Justice (Mr. Garson) has always acted towards his colleagues, and to me in particular, in a way to deserve loyal friendship. Any loyalty from me to him was no more than his due, and I would have been an ingrate if I had acted differently.

I repeat that I leave this house with much regret. As I have said, I have always enjoyed what I was doing. I enjoyed the association with all of you. There is a camaraderie here that would put anyone in thrall. I cannot express my desires for you, to you, in the way I should wish. There is, however, a famous character in fiction whose words come to mind and help me. I adopt them, slightly paraphrased, and apply them to all of you. The famous character is Tiny Tim, and with him I say: God bless you every one.

Mr. A. Earl Catherwood (Haldimand): Mr. Speaker, as the first member to speak following the hon. member for Winnipeg South Centre (Mr. Maybank), I should like to congratulate him upon the very excellent address he has just made. Parliament is a great institution, and although we disagree often on political matters nevertheless we are Canadians first. It is only with mutual respect that parliament can function and discharge its responsibilities. It has been my privilege to have known the hon. member for Winnipeg South Centre for some two years since I became a member of the house in 1949. I can say that I respect him very highly, and along with many other members of the house I hold him in high esteem. I think that must also apply to the people of his constituency who have elected him as a member of this house continuously since 1935. In assuming the new duties he is undertaking, I know that every member of the house joins with me in wishing him the very best in his future activities.

There is one thing about the budget that I can say I really and truly like, namely, that it gives us an opportunity of speaking not only on the budget itself but on other matters that we feel are of considerable importance to our constituencies and to parliament. This is also true of the debate on the speech from the throne when we have a similar opportunity to speak on matters that we consider are of public interest. I should like to commend the hon. member for Lanark (Mr. Blair) on the splendid address he made on Monday evening of this week. I think he outlined the position of the dairy industry in Canada perhaps as well as it has ever been explained in this house. These are things that should be brought to the attention of parliament, and I believe the people of Canada and the great dairy industry in particular will appreciate the remarks he made on that occasion.

I should like to add a word to the remarks he made with respect to the production of butter in our country, and the decrease in that production during the last three years. The hon. member told us that our butter production had decreased about 36 million pounds since 1948. This is a very serious matter. I think that every member of the house has had representations made to him from the many dairy organizations throughout Canada requesting a floor of at least 62 cents a pound for butter. I believe that all members of the house will agree that their request was very reasonable, and that it should be acceded to by the government.

I believe that the Minister of Agriculture will give consideration to this matter because, in speaking to a meeting of the crop improvement association in Toronto about two and a half months ago, he assured those in attendance that conditions as to a floor price for butter had helped materially to adjust the uneven supply to the even demand, and these same conditions would apply to the floor price in 1951. I hope the minister was sincere when he made that statement. I believe he was because I was present at the meeting. In fact I had the privilege of moving a vote of thanks to him following his address. I know he will consider this matter, and I hope he will advise the cabinet of the necessity of setting a floor price that

will not only encourage but stimulate production to the point that it will halt the present decline in milk production all across Canada.

There are three points that I think should definitely be considered in setting a floor price. First the price should be sufficiently attractive to encourage and extend production. Second, there is the problem of short hours and high wages that have attracted labour away from the farms to urban industries. Third, there is the present disparity in prices and costs in the dairy industry compared with other agricultural sources of income. I should like to discuss very briefly one phase of agriculture that concerns not only those who are actually engaged in agricultural production and represent agricultural ridings but concerns, I feel, all members of the house. I refer to the gradual disappearance of our export trade, particularly as it applies to Great Britain and the other commonwealth nations.

The question we have to ask ourselves is whether Canada has come to the parting of the ways with respect to the imperial preference that we have enjoyed for many years for our surplus farm products. Every hon. member knows that Canada has made important trade concessions with the country that lies to the south of us, the United States of America. That in itself is excellent. It would be difficult to analyse our position with respect to trade if we had not had that alternative market in the United States. However, we cannot help but be conscious of the fact that there is a very definite split with respect to the dealings between the dollar and the sterling areas, particularly Great Britain, the United States and Canada. This trend can have serious and grave repercussions in that it cannot fail to have its effect on Canada's exports of agricultural produce.

As was pointed out in an article by Mr. Kenneth Wilson in the *Financial Post* of April 7, the threatened Torquay breakdown may magnify the situation, as the reciprocal Trade Agreements Act will expire this summer. Although President Truman is endeavouring to seek an extension for three years, all indications point to the fact that the agreement will not be renewed. Canada's position is simply that we are practically barred by the restrictions that operate against the hard currency nations. As has been brought to the attention of this house on many occasions, the market for agricultural products in Great Britain, which has been the stabilizing factor and a fortifying influence in maintaining the economy of Canada for generations, is practically a thing of the past.

As I mentioned previously, we have been most fortunate in being able to market our surplus production in the United States. That is very acceptable for the present; but owing to the similarity of our production—and I think all hon. members will agree that agricultural production in the two countries is very similar—dependence upon this market in the long-range view is not at all wise. Since normally we are a large exporting nation I believe the government should immediately open negotiations with a view to retaining at least a portion of the British market which has meant so much to us in the past. I was greatly disturbed and even astounded to learn last week, through questions placed on the order paper, that in January and February of this year Canada imported 3 million pounds of pork products from the United States, while at the same time our shipments to Britain have been reduced almost to the vanishing point.

The farmers of Canada have proven beyond any question of doubt that they can deliver the goods if they have an assured market. We had ample evidence of that not long ago, when in one year we exported to Britain between six and seven hundred million pounds of bacon. Recently in a speech delivered to a conference in Milwaukee, Wisconsin, the Minister of Agriculture (Mr. Gardiner) made the statement that America is the only area producing surpluses of food, and the part of that area producing the surplus food which can be transported is mainly Canada and the United States. Then he added the very significant remark that it remains for governments to assure the distribution of food to other food-buying countries, with all obstructions removed; and I should like to emphasize those last words. That is the duty of governments. Then in a speech just last month the Minister of Finance (Mr. Abbott) suggested that Britain might well consider easing the restrictions on dollar imports from Canada, and with that I think we can all agree. When these restrictions were applied it was understood and expected that it was a temporary measure, as was the action of the government of Canada in restricting imports from the United States three years ago. The situation as between Canada and the United States improved very rapidly, and within a very short time those restrictions were removed. The situation as between Canada and the United Kingdom also has improved substantially. In 1946 Britain's exports to

Canada were down to $150 million. In 1949 Britain's exports to Canada amounted to $300 million, and by 1950 were well over $400 million. On the other hand our exports to Great Britain amounted to $704 million in 1949, and by 1950 were down to $469 million. These figures are taken from the trade of Canada statistics. This means a reduction of over 30 per cent in one year in the value of our export trade with Britain. Our total export trade with Britain now is only approximately one-fifth the pre-war total.

With the trade picture what it is, with the views expressed by the two ministers, which I quoted, I think we might be entitled to hope for some indication that the government will now be favourably disposed toward giving consideration to the motion presented to parliament on February 28 last year by the hon. member for Lake Centre (Mr. Diefenbaker), in which he asked that a commonwealth conference be called to discuss trade relations. This proposal was supported by all members of the Progressive Conservative party and by our friends of the C.C.F. and Social Credit groups, but was turned down by a majority vote of the government. I believe it would have served a very useful purpose, and I should think it would be even more necessary today. Ever since confederation Britain and the sterling area countries have been a vital outlet for Canadian agricultural products.

There are many other items we should be selling to Britain in addition to agricultural commodities, including mineral and manufactured goods, which we cannot hope to sell permanently in the United States in sufficient volume. But, as has been pointed out by other hon. members, we cannot hope to revive this trade unless Britain withdraws the restrictions that were intended to be only temporary. There has been a great deal of talk about freeing the channels of trade with the sterling area. I think it is about time that we translated that talk into action, and Canada should give leadership in this regard. To again quote the Minister of Finance, such translation in these boom times could be accomplished without any serious upset or dislocation, for even if we wanted to we could not possibly flood the British market with goods at this time. Our real desire is to have concrete evidence of the determination of all our trading partners to move as rapidly as possible toward the exploration of every possible means of breaking down the barrier that stands between the dollar and sterling countries. That should be the declared policy in our relations with the commonwealth countries.

I have some figures I should like to put on record in connection with our trade. Our total agricultural exports to the United Kingdom in 1949, excluding animal products, were $340 million, while in 1950 they were $228 million. Our total exports of agricultural products in 1949 to all countries, excluding animal products, were $773 million. Our total agricultural exports to all countries in 1950, excluding animal products, were $636 million. So the decrease in our exports to all countries was $137 million. The total of our exports of animal products to the United Kingdom in 1949 was $72 million, while in 1950 it was $53 million. Our exports of animal products to the United States in 1949 totalled $200 million, while in 1950 they amounted to $253 million. Certainly there is a definite trend toward marketing in the United States, which I am afraid is not a stable market in the long run for our products. The similarity of our production to that of the United States is so pronounced that should a surplus of any of the commodities I have just mentioned develop, or if there should be even slight overproduction there in dairy products, we could easily find ourselves in the position we were in back in 1922, when the Fordney-McCumber tariff suddenly cut off our market in the United States for beef cattle. This has happened before; it can happen again. The American is a shrewd businessman. If he feels that the interests of the United States are jeopardized in any way whatever there will be no hesitation in bringing into operation laws that will correct the situation.

So I urge the government to leave no stone unturned in their efforts to salvage at least a portion of those markets which have been practically lost. I think we must all agree that those markets are vital to the long term security and welfare of Canada. We must remember that when markets are once lost, it is almost necessary to move heaven and earth to regain them. So I hope the government will see fit to put into effect some of the recommendations I have made.

Mr. Robert Fair (Battle River): Mr. Speaker, as one of those who came to the house back in 1935, at the same time the hon. member for Winnipeg South Centre (Mr. Maybank) came here, on behalf of this group I want to extend all good wishes for his future success and happiness. As has been stated by others, he has been a nice member to get along with here. I am sure the cafeteria will miss his patronage, because every time I went there I saw him with his cup of coffee looking for a place to sit down and enjoy a little conversation. I wish him every happiness in his life after he leaves here.

Returning now to the budget which was introduced by the Minister of Finance

(Mr. Abbott) on April 10, I may say that I have received a number of letters expressing disappointment at the heavier taxation. When I listen to some of the government members speaking of the Minister of Finance, I think he might be compared with the king who could do no wrong. I think that is a mistake. It is following the blind political path of accepting what is provided without any criticism, and without any thought of the effect it will have upon the constituents who sent the various members to this house. All members have a definite obligation when they come here to examine all the proposals of the government. I feel that the letters expressing disappointment came partly as a result of the terrible licking our wheat growers have taken under the five-year contract just concluded. I am not going to discuss further a question which Mr. Speaker has ruled must not be discussed again at this session. Do not forget there are other sessions coming, and we shall not lose sight of this grievance which has not been rectified. Another 32 cents a bushel will help to rectify it.

On Monday last we heard the financial critic of the Progressive Conservative party, as well as the leaders of the C.C.F. and Social Credit parties, make an analysis of the budget. During their discussions they made some very thought-provoking remarks. I thought the member for Peace River (Mr. Low), who is my leader, made an exceptionally fine analysis of the effects of inflation and the proposed taxation levies. On my own behalf I should say that the minister read his speech very well, but it will take more than a good reading of his address to make people swallow the pill that was delivered that night. It will take a lot of candy coating to make us swallow this pill when we realize the damage that is being done to us, individually and collectively.

The minister stated that the expenditures for the current fiscal year will amount to $3,700 million, and he has proposed taxes to collect $3,900 million. I can clearly recall that when I came to this house fifteen or sixteen years ago the total expenditures of government for all purposes amounted to $450 million or $500 million a year. Last year expenditures were estimated to be $2,400 million, and that is approximately five times what they were when we came here about fifteen years ago. In order to make provision for these expenditures, the minister states that he proposes to place a surcharge of twenty per cent on corporation earnings as of January 1, 1951. It must be remembered that in the baby budget brought down last September the minister also placed additional levies on corporations, but did not raise the personal income tax at that time. He has done double duty by the personal income tax this year, because he proposes a ten per cent defence surcharge for this year, while for next year, and we do not know how many years to come, a twenty per cent surcharge.

I feel that the purpose of the heavier taxation levied in this budget is to make preparations to prevent communist aggression. In my opinion the proposed levies will do more than anything that has been done here for some time to build up the communist organization in Canada. On different occasions it has been stated in this house that one of the best ways to destroy our capitalist system, and our democratic way of life, is to levy heavier and heavier taxes. I think the minister and his colleagues are co-operating to a great extent in bringing this about.

There is one thing I should like to say on my own account at this time. I have not discussed it with my colleagues, but I do not feel the men who are overseas fighting our battles should have to pay income taxes on their army pay, either at the old rate or at the new rate. Think of all the sacrifices that are being made by these men day after day, night after night, and then when they come back they will not only have to dig in with the rest of us to make a living but they will also have to help pay the cost of the fight over there. Personally, I want to say that I do not believe these men should have to pay one cent of income tax on their service pay, because we are levying enough taxes in other directions. We all know that a large percentage of our population are today, and perhaps for some time in the future will be, in the low income brackets. Before these proposed taxes are levied they have had to bear the effects of uncontrolled inflation.

The other day the hon. member for Peace River placed some rather interesting figures on the record. At the time I did not realize how interesting they were, but upon looking over them later I find that the confiscated purchasing power per capita from inflation in 1946 amounted to $150; in 1947, to $215; in 1948, to $326; in 1949, to $353; in 1950, to $384. The estimate for 1951 runs up to $426 per capita. Up to the present time people have not realized the ill effects of this inflation. I believe those figures should make them do a little thinking on their own behalf. When speaking on the address in reply to the speech from the throne I said that I hoped that under these circumstances the minister would not reduce the exemptions on personal income tax. I am glad to see that the minister did not make any reduction on this occasion, but he certainly has not gone as far as I

wanted him to go and that was to leave the income tax without any increase. He has placed a very heavy burden on the people of this country, particularly those in the low income brackets.

Dealing with 1939 levels, and based on the present 56 cent dollar, exemption of $1,000 for a single person for income tax purposes amounts to $560 per year; for the married person who now has $2,000 exemption, that would amount to $1,120 per year. As we have advocated before, it would be preferable to have exemptions of $1,500 for single persons and $3,000 for married persons instead of the heavier tax, because that would give a single person the benefit of $840 in actual purchasing power as an exemption, and $1,680 for married persons.

I turn now to the little man. Someone said not very long ago that God must have loved the little people because he made so many of them. Perhaps we should also deal with the 25 per cent increase in sales tax. During the first election campaign in which I took part, I can well remember the Liberal candidates raising old Ned, if one can use that expression, with the Conservatives for placing a six per cent sales tax on the statute books. Those who came in here at that time or who were in here before that time will remember that one of the first acts of the Liberal government at that time was to increase the sales tax to 8 per cent. The proposals in the present budget increase it again to 10 per cent. I think it is about time for all the supporters of the government to do a little bit of thinking in the interests of the Canadian people.

We have at the present time, and have had for years past, a number of young people trying to start up. By looking around here in the city of Ottawa or in our respective constituencies we can learn readily of the trouble many of these people were having, even before this budget was brought down. Their wages are not sufficient to give them a decent standard of living; and those who are trying either to pay rent or to build a house under present conditions are up against an almost impossible situation. I therefore feel that the Minister of Finance (Mr. Abbott) did not do a particularly good job.

Looking over the proposals for raising money we find the following, as set out at the top of page 1812 of *Hansard*:

> We propose to make no changes in the present scale of taxes on alcoholic beverages. Last September we increased these taxes by $22 million a year. The rates are now high, and I am aware that whenever we change these taxes we impose a good deal of inconvenience and some confusion upon the provincial authorities.

May I say, Mr. Speaker, that had the minister neglected to take cognizance of the trouble that would be imposed upon provincial governments and had he placed slightly heavier taxes there, I believe that he would perhaps have been doing the country a good turn. If we look at the newspapers from day to day, we shall find that the consumption of liquor is responsible for many of the car crashes that occur on the highways from time to time, and even deaths. Slightly heavier taxes on that dangerous luxury would have been accepted much better by the people than are some of the other taxes that have been levied.

Then the minister went on to tax tobacco. I am not interested in that commodity either. My neighbour behind me here says: "go easy there." In connection with tobacco I want to point out that a large percentage of fires in Canada every year are caused by cigarette butts carelessly thrown away or perhaps by cigarettes used by people who are half soused and go to bed or sit in a comfortable chair or chesterfield, and the fire starts there—once in a while burning up the smoker himself.

The minister continued, as reported on the same page of *Hansard*:

> Next I come to what we call the special excise tax, that is the tax now imposed at a rate of 15 per cent on such things as motor cars, radios, household electric appliances, cameras, jewelry, cosmetics, and so on. We propose that this tax be increased to a rate of 25 per cent.

The Minister of Finance is again placing barriers in the way of our people who are trying to start up housekeeping and who are trying to make an honest living. Again I say that the Minister of Finance and his colleagues are contributing to the promotion of communism in this country by imposing taxes that make it almost impossible for people to get along and to have even a reasonable standard of living.

Then in the next paragraph the minister said:

> The house will also recall that last September we deliberately decided not to place this special tax on refrigerators, stoves and washing machines. I regret that we can no longer afford to leave these entirely free of extra tax, and I am recommending that a tax at 15 per cent be levied on all mechanically operated domestic refrigerators and washing machines and on all domestic cooking stoves except those designed to use coal or wood only.

That is still furthering the old program followed by the minister. I am sure that if the minister would place himself on a low salary such as that received by many of those people about whom I have already spoken, he would then see that something was done to keep down taxes on those necessary items for everyday use.

A little further on in his speech he talks about the 30 per cent tax which he placed on candy so that he could take candy away from the kiddies. Now he finds that is too big a penalty, so he cut the tax to 15 per cent. Nevertheless we find that manufacturers, in many cases, are taking the benefit of the reduction of the tax on candy; the kiddies will therefore be robbed of that sweetmeat.

As reported at page 1813 of *Hansard* the minister said:

> The other tariff proposals include changes which would widen the application of certain items pertaining to farm equipment. They would provide for the free entry of such things as grain or hay driers, individual sprinkler irrigation systems and several items of dairy equipment when for use on the farm.

On behalf of the farmers and the people of Canada, I want to say that this reduction in tariff, even though on a small list, is greatly appreciated and will perhaps help to even up some of the burdens that have been placed upon our farmers.

I wish to say something about that class of people mentioned by the hon. member for Winnipeg South Centre (Mr. Maybank) this afternoon, namely, the old age pensioners, the potential old age pensioners—those between 65 and 69—and many others who are unemployed or who are perhaps physically incapacitated and unable to work. Again this increased taxation places a heavy burden upon them.

I have in my hand a clipping, under the heading "The Castaway". May I say that the description will probably fit many of these old people to whom I have referred. It reads as follows:

> The Castaway
>
> Cast off, forsaken, left to die,
> Unloved, forgotten, and alone,
> I do not ask the reason why,
> Nor find I where I might atone.
>
> A wornout, wasted human frame,
> Useless for labour in the mart:
> All fruit of age—Is that a shame?
> And yet I'm quaintly set apart.
>
> I do not rant, nor do I rave;
> Call down no curses others on:
> I'll stem the tide, I'll breast the wave,
> I'll run, alone, my marathon.
>
> I'll win the race—the goal is death—
> I'll pass beyond the searing pain.
> When I breathe out my last faint breath,
> Home, love, good cheer, I shall attain.
>
> So, homeless, friendless though I be,
> I still may travel on my way;
> May pat stray puppy dogs and see
> Friendly response to castaway.
>
> Then life is not a loss complete,
> Companionship may yet be had,
> By country lane, or city street,
> A friendly pup may make me glad.

I feel that we have a duty toward our old age pensioners, potential old age pensioners and many others who are unfit to work and to take care of themselves. We have not hesitated for a moment to send millions—yes, even billions—of dollars to countries overseas while at the same time neglecting many of our own people right here at home. It will be found that a farmer takes care of his faithful work horses by giving them good feed during the winter and turning them out on green pasture in summer. But we have not given even that consideration to many of our old people who have been instrumental in building up to its present state Canada which, in my opinion, is the best country in the world today and which should provide some better standard of living for those who have helped to build it up.

In addition to higher prices, we find that the quality of the goods that we buy, even at inflated prices, is going down; and so far as I know, no attempt is being made to check the quality of the goods sold. The people selling those goods are free to sell any quality the people will buy, and charge any price people will pay.

Then, as a result of the increasing prices and the new taxes being levied, we find many of the labour organizations are preparing again to ask for high wages. We find that certain sections of the civil service are making plans along the same line, and we cannot blame them, when their dollar is cut down to 56 cents. We understand that the St. Laurent two-dollar note is being printed and will come into greater use. It will be a handy instrument to have, when one requires two dollars to buy one dollar's worth of goods. And so the vicious circle continues, and rolls right along.

I was keenly interested in the speech delivered on Monday by the hon. member for Lanark (Mr. Blair), upon which occasion he placed on record a straightforward and honest case for the dairy farmers in his constituency. Many of the statements he made should be pondered by those in office on the other side of the house. It must be kept in mind that farmers throughout Canada, during the past year and indeed ever since I came to this country, have been treated as poor relations. At last the farmers are becoming aware of the fact that it is not up to them to feed the people of Canada at prices far below the cost of production. I have here some proof that similar ideas are held in the United States. An extract from the *Rural Co-Operator* of February 27, 1951, under the heading "Farming Said Most Exploited", reads:

> Agriculture has been the most exploited industry in the whole modern world, Jerry Voorhis, Chicago,

executive secretary of the Co-operative League of the United States, told the annual banquet of the Co-operative Union of Ontario in Toronto on February 15.

"When prospects are poor the farmer produces as much as usual and takes his chance on price," Mr. Voorhis said. Industry lays off people, cuts production and nobody says that a law of God has been violated because people can't get shoes that manufacturers have stopped producing.

"But when a wheat farmer stops producing that's a different story. Everybody thinks that a law of God has been violated."

Mr. Voorhis suggested that the farmer is the only businessman in all history to buy retail his business supplies. By organizing co-operatives to purchase farm supplies the farmer is able to compete to some extent with other businesses, he added.

This will show clearly that there are people in the United States in exactly the same position as we are, with the exception that the government in that country is doing something to provide parity prices or, to use an expression the Prime Minister (Mr. St. Laurent) likes better, to give an even break to the farmer, as compared with other people.

I do not think there could be any better way for the government to go about increasing the production of butter than to reduce taxation on farmers. Many people do not realize that the farmer must work overtime, not only in the evenings but in the mornings as well. He must do some work before breakfast. Then he goes out and does a full day's work, following which, in the evening, he must put in more overtime in order that the cows may be milked and the hogs—I believe some people use the word "slopped"—and the poultry cared for. Yet the farmer is never allowed one cent for the overtime he puts in.

In my part of the country there has been a concentration of income tax officials who have been checking, rechecking and cross-checking so that the farmer will not get away with a five-cent piece when, in fact, those farmers have paid to the government thousands of dollars, to which the government are not entitled. Farmers are not bookkeepers; income tax inspectors are. That makes all the difference in the world, and I think the practice being carried on by those inspectors should be stopped immediately.

When one looks over statistics in connection with payment of income taxes he will find that prairie farmers are being persecuted in this connection. Recently I have received complaints in connection with the expenses incurred by patients who have to go to hospital. People in cities such as Ottawa do not realize that on the prairies we have some small hospitals which do not have the equipment or the medical personnel sufficient to take care of all cases. Provision is made in respect of those hospitals to send patients to hospitals in cities or to points outside the smaller districts. We find in many cases patients who have to pay railway fare, and must pay board and room in city hotels while they wait for a chance to get into hospitals, are not allowed to show those expenditures as exemptions for income tax purposes. This is a matter which I suggest should be attended to.

Then, again in connection with income tax, when a bachelor hires a housekeeper so as to free himself to take work outside I say he should be permitted to show the board and wages of the housekeeper as a proper deduction when making his return for the year.

I had intended on this occasion to deal with another matter which has been before the house for some time, namely the British wheat agreement. Mr. Speaker has ruled, however, that this subject cannot be discussed again at the present session. There is however another agreement still alive, and that is the international wheat agreement. Before it is too late I would make a suggestion in line with the brief presented recently by the farmers unions of the three prairie provinces to the Prime Minister and the cabinet, upon which occasion they asked that from year to year a review of the prices under that agreement be made.

At the time it was entered into provision was made for a maximum price of $1.80 a bushel and a minimum of $1.40, for certain quantities of wheat in each of the years ending, I believe, on July 31, 1953. The agreement also makes provision whereby the price per bushel shall drop ten cents per bushel per year, without any thought whatever being given to the increasing costs of the things the farmer has to buy to produce that wheat.

I believe a mistake has been made in that connection. The hon. member for Acadia (Mr. Quelch) suggested to the government, before the agreement was entered into, that a certain number of staple articles should be selected and their prices indicated in comparison with the price of wheat, and that the price of wheat should be permitted to fluctuate so as to keep pace with the prices set out in the selected list. Neither the Minister of Trade and Commerce (Mr. Howe) nor any other minister has taken any notice of the suggestion. Until something like that is done, we will not have equitable prices for our wheat. There is no reason in the world why we should continue to subsidize the consumers of Canada who, speaking generally, are much better off than the farmers who are providing the wheat.

In the four crop years between 1946 and 1949 it has cost the wheat growers of Canada approximately $137 million to subsidize the consumers, by supplying cheap wheat to the millers so that they could mill flour to make cheap bread. That program is still continuing. In my opinion that should also be revised and we should not ask the farmer to continue to provide cheap bread for the people of Canada.

Some of the newspapers have referred to these subsidies as a sop. I am not allowed to mention the $65 million which was recently paid, but the fact is that it is only a drop in the bucket because we need approximately $450 million to square up that steal.

I feel that what we have asked for for a number of years will have to be put into effect if agriculture is to get the kind of deal to which it is entitled, and I refer to parity prices. Many people today think that agricultural prices are higher than they should be, but the best information we can get from the bureau of statistics indicates that about 25 per cent of the people of Canada, those living on the land, receive between 10 and 15 per cent of the national income. That is not good enough. If we are going to have the Canada we should have, a united Canada, a Canada where all people enjoy the decent standard of living which this country certainly can provide, it is about time that active consideration and action was taken to provide parity prices for agriculture.

Mr. J. H. Rousseau (Rimouski): Mr. Speaker, it is my understanding that a newly elected member making his maiden speech in the House of Commons has the right and privilege of using his maternal language. Being a Canadian of French descent, I am going to exercise that right and I shall speak in French.

(Translation):

My first words will be words of thanks to the two hon. members who introduced me in the house and accompanied me to your throne. And to you, Mr. Speaker, I extend respectful and cordial thanks for your kindness and generosity on my behalf. Indeed, you kindly consented to come down the four steps of your throne to welcome me, thus welcoming also the 30,000 electors of the county of Rimouski whom I have the pleasure and the honour of representing in this house.

Next summer, when I visit the various parishes of my constituency, I will make a point of drawing your fine gesture to their attention.

I also wish to thank all hon. members of the house, ministers and private members, for the sympathetic manner in which they welcomed me into this chamber, and more particularly on the occasion of my first vote. I have been deeply moved by the genuine spirit of fellowship which exists among all hon. members of this house. A newcomer is perfectly at ease from the outset.

It would be discourteous of me not to thank the Minister of National Defence (Mr. Claxton) for our interesting trip to Montreal, when we visited the Canadair plant. We witnessed the various steps in the manufacture and assembly of jet planes, as well as the incredible feats of the airmen who fly those speedy craft. The officials of the company gave us a rousing welcome.

There was also another interesting trip that took us through the large army equipment depot. After extending courteous greetings, the officers showed us, with maps, how the different departments were administered and then escorted us around the building.

There, we saw how much time and money are saved in the administration of this large depot. A striking instance of economy is found in army footwear, for instance. Formerly, used or slightly broken boots were discarded. Now, they are repaired at a cost of $2 a pair. Two hundred pairs are reconditioned daily. As a new pair costs $10, this means that expenditures will be reduced by $8 a pair and that a saving of $1,600 will be effected on the 200 pairs which are repaired every day.

Now, Mr. Speaker, I believe it is my duty to make profession of my political faith, and after having done so I shall tell you why.

For the past fifty years I have shared in the struggles of the Liberal party, in twenty-nine major fights both in the provincial and federal arenas, both in Quebec and in New-Brunswick. In those twenty-nine fights I have never insulted an opponent because I have always thought that politeness and gentlemanly behaviour were the best means of persuasion.

I am every inch a Liberal, a Liberal in the Laurier tradition. I have had the priceless privilege of being a friend, I might almost say an intimate friend of Sir Wilfrid. His lieutenants of 1904, the hon. Messrs. Lemieux, Bureau, Préfontaine, Béland and Fielding, to mention but a few, considered me as a friend and knew I was an earnest, ardent and devoted Liberal.

The late lamented father of the hon. Minister of Veterans Affairs (Mr. Lapointe), the Hon. Ernest Lapointe, was almost a fellow-townsman of mine, since his native parish, St. Eloi, had been parcelled out of Trois Pistoles, my own birthplace.

Like him I entered the fray in 1900. Like him I put off my wedding for a year because of the 1904 campaign. He had a great liking and consideration for me, knowing that I was a genuine Liberal, that I shared his political principles and would remain faithful to them forever. With him and for him I took part in several campaigns.

I remember that in the course of an intimate conversation I had with Sir Wilfrid Laurier at the Château Frontenac, in Quebec, Sir Wilfrid said to me: "Hervé, when I am gone, keep your eye on Mackenzie King." That is what I did throughout the 27 years this great man was at the helm of the Liberal party.

Have I been, am I now a true supporter of the present Liberal administration headed by the right hon. the Prime Minister? Mr. Speaker, allow me to answer in the affirmative and to prove my statement.

During the general election of 1949 I had occasion to assure the right hon. Prime Minister that I was a wholehearted supporter of his. In so doing I was in worthy company since the whole country asked the right hon. gentleman to continue what he had so well begun. At this point, Mr. Speaker, allow me to recall a fact that is very little known to the public but which I claim as correct in all particulars.

While he was a law student, the right hon. the Prime Minister was doing his clerkship in the office of the Hon. Louis-Philippe Pelletier, who had been a minister in the provincial legislature and later assumed the office of minister in the cabinet of Sir Robert Borden. Let me add right away that Mr. Pelletier was and had always been a true blue Conservative. Mr. Pelletier was then a professor at Laval university, and the facts I am now reporting date back more than thirty years. Mr. Pelletier was one of my fellow citizens, as he was born, like myself, in Trois Pistoles.

One afternoon, during the holidays, Mr. Pelletier and I were talking casually on his veranda when he told me: "Hervé, at one time Mr. Louis St. Laurent was a clerk in my law office. I can tell you that of all the students who have gone and will go through Laval university, none so far has ever shown and probably will never show such legal comprehension as he. I consider him a genius in the field of law and I think he will go far." Such an appraisal becomes even more eloquent and valuable since it came from a man who, apart from being level-headed, harboured political ideas different from his clerk's.

That prophetic utterance was true. It was confirmed when this man, whom we admire so much and who has been so gifted in the choice of his colleagues in the various fields of political activity in the country, was unanimously chosen by all the provinces as their leader.

Why did I make that profession of faith? Well, because I have been a Liberal for fifty years, because I have always supported the Liberal party and advocated Liberal principles, my constituents did not much relish the word "independent" coupled with my name by some newspapers. I did not particularly like being called by that unwarranted term. I hope I will not have to uphold my own political party for another fifty years before I can prove that I am a Liberal.

Some local papers even went so far as to say that I was in disgrace in this house. As far as I am concerned I never did take offence at being given a seat in one particular section of the house, because I think that a member's political beliefs retain their strength whether he sits close to or far from the government benches. Mr. Speaker, the Liberal electrical current which has always held me to my party was as strong from my seat over there as if I had sat next to the Prime Minister and his colleagues of the cabinet. An alternating current is as strong at the end of a line as it is when it comes out of the generator.

I am now here through the explicit and formal wish of the electors of Rimouski county; they have asked me, by a substantial majority, to take the place of the late Mr. Gleason Belzile, who had represented the riding so worthily since 1945.

The designs of Providence are inscrutable. Mr. Belzile, who enjoyed the affection of his family and the admiration of his party, was carried off at a time when he was constantly earning new laurels.

The fine gentlemanly qualities, the seriousness and the competence of my distinguished and lamented predecessor had been noticed by his superiors. He had already attained the important office of parliamentary assistant to the Minister of Finance (Mr. Abbott), the nation's tireless and distinguished treasurer.

I remember what the Prime Minister said when he visited our constituency in 1949, accompanied by his charming wife, Mrs. St. Laurent. I quote: "Ladies and gentlemen, I ask you to elect Gleason Belzile; we need him in Ottawa. He has already attained a high position, but we want him to go much higher."

In answer to that call, I, who now have the honour and pleasure of speaking to you, did all in my power, and went all out, if I may use a popular phrase, to ensure Mr. Belzile's victory.

What I did in 1949 was done at the special request of our distinguished Prime Minister and to make up for the inertia evident in others. Judging by the flattering letter he wrote to me after the election, we must have succeeded remarkably well.

May I, Mr. Speaker, be permitted to interject in this profession of faith in the Liberal doctrine my own patriotic profession of faith: five of my sons were on active service during the last war, four of them overseas and one of them in Canada. The one who married Miss Belzile spent three and a half years as a prisoner in Germany. He was an observer in the R.A.F.; eight days before he was brought down over Hamburg, the King had honoured him by chatting with him in French for almost half an hour when my son, the only French-speaking Canadian member of his squadron, told him he came from Canada.

Let me say also that the last honours paid by the province of Quebec to Their Majesties the King and Queen were paid at Trois Pistoles by the person who has the privilege of addressing you at this moment. The mounted police had asked me to prepare vocal and band music to salute Their Majesties when the royal train made a stop at Trois Pistoles during the night, to replenish its water supply. At the time, I had seventy-five youngsters, accompanied by the band I have been conducting for 50 years, sing *God Save the King, O Canada,* and *Alouette* for the Queen.

Personally, during both world wars, I prevented an act of sabotage which might have had most harmful effects on Canada's war effort. Let me explain.

At Trois Pistoles, there is a high bridge on the C.N.R. line. When, during the first world war, German submarine activity was preventing the sending of American soldiers to Europe through New York, American troops took the C.N.R. to Halifax. One day, to the west of the village, there settled a man who claimed to be a veterinary surgeon. I was rather dubious about the real reason for his stay. I thought that this stranger had some other idea in his mind than just looking after sick animals. I took him for a spy entrusted with the job of blowing up the railway bridge.

I then came to Ottawa, at my own expense, in order to acquaint the authorities with my misgivings. Sir Eugene Fiset, a personal friend of mine, was at the time deputy minister of militia. The session was on and parliament sat in the national museum, the parliament buildings having burnt down. Sir Eugene then introduced me to the Hon. Sam Hughes, to whom I communicated my misgivings, and a few weeks later the stranger disappeared.

One Sunday afternoon, during the last war, I dislodged from under the same bridge a stranger who had settled there with his easel and paint brushes to paint the bridge. I immediately notified the Royal Canadian Mounted Police and, a few hours later, the intruder had been shooed away and the bridge was left standing.

Before giving you, Mr. Speaker, as true a description as possible of my county to make it better known, I have a very pleasant duty to perform, in the name of my electors as well as in my own name, towards the hon. member for Gaspe (Mr. Langlois).

During the long and painful illness of the late Mr. Belzile, the hon. member agreed to look after the interests of Rimouski county as well as those of his own constituency. It was a heavy task and he did a wonderful job. I might even add that it has affected his health. For that hard and tiring work, I offer him once more my thanks and those of my electors.

As I do not wish to impose upon his kindness, and knowing besides that his new duties as parliamentary assistant to the Postmaster General mean more work for him, I am willing to look after all the work pertaining

to my county. However, I shall still be asking for his help and his advice, and I know that he will give me both.

Now, Mr. Speaker, I am proud to tell you about my county, 312 square miles in area, with a population of over 61,000, including nearly 30,000 electors.

Between Trois Pistoles, its western boundary, and Mont Joli, its eastern boundary, the distance is 60 miles facing the beautiful St. Lawrence river, the average width of which, at this point, is 35 miles.

As the waters of the river begin to get salty at L'Islet, 150 miles farther west, it is really salty at that point of the St. Lawrence river. My county extends 52 miles to the south.

This area of 312 square miles comprises 34 well-organized parishes, 34 churches, 25 convents, 1 classical college, 1 seminary and 1 bishopric.

This reminds me that last fall, the Rimouski diocese mourned the loss of its archbishop, the Most Rev. Courchesne. He passed away in November. In March, Rome appointed her new representative, Most Rev. Parent whose school examinations I had the honour to supervise when he was six years old.

A few hours after he had been appointed, I went to Rimouski to offer him my respects on my own behalf and on behalf of my electors. He then recalled having met the Speaker of the House of Commons in Rome during the summer. He urged me to offer him his regards, which I am most glad to do.

Now, if I may continue: 1 school of agriculture, 1 technical school, 1 school of commerce, 1 navy school, 4 commercial schools. There are 210 male teachers, 7 female teachers, 141 schools and 6,271 children attending those elementary schools. We have a hospital, a sanatorium, two newspapers, three homes for the aged. There are 3,500 farmers, 697 settlers, 2,459 day-labourers. There are also 342 farm tractors, 11 butter factories, 9 cheese factories, 80 industries, 10 tinsmiths, 22 shoemakers, 23 blacksmiths, 205 merchants, 36 hotels, 114 professional men—doctors, notaries, lawyers, surveyors, agronomists—and 73 restaurants.

Although I have represented Rimouski for the past six months only, I have tried to be well informed in order to give immediate answers to the legitimate and reasonable requests of my constituents. Mr. Speaker, if I may judge from the hundreds of letters I have received since I was elected, I am considered by all the electors as their representative with the government. My electors and myself are convinced that the present Liberal government will be pleased to consider the requests submitted by the representative elected by the majority.

On the St. Lawrence, there are three cities, Trois Pistoles to the west, Mont Joli to the east, and Rimouski practically in the centre. Mont Joli takes its name from its beautiful, lofty site; a little to the west, on a great height there is the St. Georges sanatorium, an impressive building accommodating nearly 600 patients who receive remarkable care and attention from the religious authorities, the director, nurses, doctors, attendants and the whole staff. I had the opportunity to visit this fine institution and I was truly amazed by the splendid work accomplished there for the recovery of our dear patients.

I know the Department of National Health and Welfare has paid hundreds of thousands of dollars toward this hospital. I understand there will be other requirements and I know my requests will be well received by the minister of health when I submit them.

The railway terminal and divisional point of the C.N.R. are located at Mont Joli. A good many of its citizens are railroad employees, still on the payroll or retired.

I know that a large number of the retired employees will ask the government, if they have not already done so, for an increase in pension. Their request is justified and I shall consider it a duty and a pleasure to support their claims.

Yesterday afternoon, in the railways committee, I had the pleasure of learning from Mr. Donald Gordon, chairman of the board of the C.N.R., that a committee of representatives of the C.N.R., of the Canadian and international union of railroad employees, had been set up. It is already at work revising the pension of all classes of C.N.R. and former Intercolonial Railway pensioners, with a view to granting all of them a pension in keeping with present standards of living. Mr. Gordon is honest, fair and a real businessman. We are confident he will treat everyone fairly.

During the last war, the Department of National Defence built an airport which I know the people of Mont Joli wish to preserve

and expand in order to take care of the increasing volume of business that comes from the north shore.

My lamented predecessor, Mr. Belzile, had succeeded in preventing several buildings from being torn down, even though some people hoped to do away with them. He had even obtained funds for improvements. I am determined that this work will continue, perhaps on an even larger scale, and I am confident that the Minister of National Defence will agree to my request.

A handsome modern building, much of it occupied by the Post Office Department, was inaugurated last September in the centre of Mont Joli.

There is still space available in that building for the staff of an unemployment insurance officer. They could do an excellent job in helping those who have the chance of benefiting from the provisions of this act. There have been urgent requests for the opening of such an office and I hope these requests will be granted in the near future. In the very same building, the people of Mont Joli would like to see and, as a matter of fact, they urgently request the opening of a customs office. Here again, I will take all the necessary steps to have this request given proper consideration.

Mont Joli is also faced with the matter of improving the viaduct in the centre of the town. The municipal authorities have sent me an urgent plea for improvements to this viaduct, now forty years old and no longer meeting the requirements of the people. I will make the necessary representations to the board of transport commissioners in order that they may take the necessary steps to improve this viaduct.

From Mont Joli, Mr. Speaker, you go in a straight line to Ste. Flavie sur Mer. You will find there a fairly long wharf, which does not seem, however, to ensure adequate protection to the coasting vessels that have to stop there. Should a wharfhead be built in an easterly direction, for a distance of a few hundred feet and thence back landward, you would have there almost a true seaport where these coasters could safely put up, load and discharge cargo even in the heaviest weather.

I have seen that kind of a wharf in New Brunswick. It is of great service to seafaring people. I know that works of that description would be most useful in that part of my constituency; I intend to request them from the Minister of Public Works. I consider this establishment at Ste. Flavie as being useful to national defence since the coasters transporting war material can easily stop off there.

Leaving Ste. Flavie and going in a westerly direction—always along the river—one comes to Ste. Luce sur Mer, which really rivals "Old Orchard" with its beautiful rockless sandy beach, and its thousands of visitors during the summer season.

In the fall and the spring the flood-tide undermines the shore and even the highway. I understand that the Department of Public Works is going to be asked to build a retaining wall. This matter is also urgent, and I will support that request with all the energy at my command.

Leaving Ste. Luce, again in a westerly direction, and before reaching Rimouski, one comes to Father Point, where the trans-Atlantic liners pick up or let off the pilots. I have been told that work has to be done on the wharf at that strategic point. I shall submit the request to the Minister of Public Works, the Minister of National Defence and the Minister of Transport, as these three departments are interested in that work.

After passing through Rimouski, with which I shall deal further on, we come to Sacre Coeur, an interesting summer resort where real comfort can be found at the Rocher Blanc hotel.

Then you reach Bic. The wharf there needs to be repaired and we shall see to it. At the entrance to the bay there is a small island on which there is a cave where human bones were discovered a few years ago. According to *Relations,* a daily record kept by the Jesuit missionaries, it was in this cave that the Iroquois exterminated the last of the Hurons. Before taking refuge in this cave where they thought they would be safe, the Hurons came down the great river—Trois Pistoles river—right to its mouth and had spent three weeks on Ile aux Basques. Thinking that the Iroquois had lost their trail, the Hurons came right down to Bic, travelling on the ice, but the Iroquois followed them to the mainland, caught them and exterminated them in this cave.

From Bic we come to St. Fabien, a pretty summer resort, then to St. Simon and to Trois Pistoles.

I will not mention all that could be said of the other parishes in my constituency that do not border the coast; that would be

too long. I can assure you, though, that the people in all of them are most interesting from every point of view. That is where farmers and settlers, especially, are located.

Now, Mr. Speaker, before speaking of the county seat itself, I wish to acquaint you with Trois Pistoles. I will tell you the meaning and the origin of the name. The pistole was a French coin. In the early days of the colony, to go from the village of Trois Pistoles you had to cross a river that the Hurons had called the great river. One day a missionary, crossing that river, tried to draw salt water with a silver goblet. He inadvertently let the goblet fall into the water. Whereupon he told the boatman: "When the tide ebbs, you will find the goblet and keep it as fare." That goblet was worth three pistoles. That true story can be found in the history of Trois Pistoles, written by a member of parliament, the Hon. Charles A. Gauvreau, who married the adopted daughter of Sir Wilfrid Laurier and who, for 27 years, ably represented the constituency of Témiscouata in the House of Commons.

For the past 18 years that city has become a sort of smaller Canada. Young men and women from all over Canada come to Trois Pistoles and spend eight weeks there to learn French. When they arrive, from the various English-speaking provinces, they do not speak French at all. Living in families where no English is spoken, they must, of necessity, become familiar with that new language and with the home life of those families. As a result, when they return home after that eight-week course, they speak French fluently. May I say, Mr. Speaker, that these summer courses were inaugurated eighteen years ago by Western university of London, Ontario. At that time, its president was Dr. Sherwood W. Fox, who had dreamed, in his youth, of achieving unity and understanding between the two great races that live in Canada. This patriot always felt that if people were better acquainted, if they could chat together and understand one another, harmonious relations would prevail. With this ideal in mind, he inaugurated the summer school at Trois Pistoles in 1933. These classes, which have continued from year to year, have given wonderful results in the field of good relations.

We have among us here in parliament a former pupil of the school who attended classes in 1935-1936. He did not speak French when he first came to Trois Pistoles, but he learned to express himself fluently in that language which now, fifteen years later, he still speaks very well. I refer to the hon. member for Halifax (Mr. Dickey) who is still an eligible bachelor.

This school is directed by Dr. H. E. Jenkins, one of the professors attached to Western university in London. In recognition of his admirable and patriotic work in the sphere of education, Quebec's Laval university conferred on him an honorary doctorate.

May I add, Mr. Speaker, that the university authorities were kind enough to come to Trois Pistoles in order to confer this honorary degree upon this distinguished gentleman, an unprecedented event in the history of the university. The generosity of a Catholic university towards a gentleman of another faith is a fine example of the friendly relations which exist between these races, without religious or racial distinction.

I cannot help but tell you and I am proud so to proclaim: the generosity of Western university towards Monsignor Vandry, rector of Laval university of Quebec, and towards one of my distinguished fellow citizens of Trois Pistoles, chief inspector Epiphane L'Italien, was equal to that of Laval, since that institution conferred the handsome degree of Doctor of Laws *honoris causa* on those two gentlemen.

Just recently Western university did itself proud by writing on its honour roll the name of another distinguished doctor of laws, that of the right hon. the Prime Minister of Canada (Mr. St. Laurent).

In so doing, I know that the authorities of Western university have wished to grant recognition to the great administrative qualities and more particularly to the great legal mind of the Prime Minister of Canada, thus confirming and underlining the judgment passed more than thirty years ago by the Prime Minister's former employer.

Pleasant things were said on that occasion. The Prime Minister was so kind as to speak of Trois Pistoles, my native town. I thank him most sincerely for that.

If the Liberal government were to grant a few thousand dollars as an encouragement to these summer courses, taking care however not to infringe upon the educational rights of the provinces, they could not make a more patriotic gesture. The Carnegie Institute of

New York has been granting, these last three years, substantial sums to encourage these summer courses. That generous gesture was not interpreted as an infringement upon the rights of the provinces.

The lumber trade adds to the importance of Trois Pistoles. It is the most important dressed lumber exporting port in the eastern part of the province and even in the eastern part of the country. Each year, more than 125 million feet of lumber are dressed there, part of the lumber being sent in transit from the maritimes either by rail or water.

The service given by the C.N.R. is good, but the wharf needs to be extended and improved in order that the schooners and other coasting vessels coming from the north shore may load and unload. I am grateful to the Minister of Public Works (Mr. Fournier) who favoured us with a visit three years ago in order to see for himself the work which had to be done, and I thank him for what he gave us. However I would like to suggest to him that he should not stop there; I know that he will pay attention to my request and grant us that which is part of the war effort of this country.

For the last fifty years there has been a daily steamship service between Trois Pistoles and Les Escoumains. The ship starts to operate when the ice is still in the river, on April 15, and stops when the river is freezing over, on November 15. That steamship service is very valuable to the parishes on each side, both for mail and passenger transport.

In the spring when the trains cannot get through on the north shore because of the swollen rivers, the mail which is delivered by land is often two or three days late. The ship from Trois Pistoles picks up the mail from Quebec, Montreal and Toronto at 4.30 a.m. and delivers it at Les Escoumains, for Baie Comeau. Thanks to the Postmaster General (Mr. Rinfret) and to my hon. colleagues from Gaspe and Saguenay, this service has been renewed this year and I sincerely thank those hon. gentlemen.

Now, last but not least, we come to Rimouski. Mr. Speaker, you are aware of the great disaster which befell this beautiful and prosperous little town last year. Fire, that great destroyer, caused several million dollars worth of damage, and the people of the county seat have not yet recovered from the effects of this catastrophe. I know the government has been generous. I even know that the kind-hearted Prime Minister went to the scene of the fire to see the damage for himself, and the plight of these good people. I thank him for what has already been done and again I convey to him the thanks of all the poor victims of that disaster. I understand that the need is still great and urgent, but I know that the government will not turn a deaf ear to the requests I may be asked to make.

Now, Mr. Speaker, I come to general politics. I am aware that Canada, like other democratic countries, is faced with a most distressing problem.

I feel that the United Nations' decision to keep a well equipped army on a war footing in Europe under the able leadership of General Eisenhower, the greatest general and strategist of modern times, and of his assistant Field Marshal Montgomery, is bound to reassure us in regard to the actual threat of war, and when the Prime Minister tells us he believes and still hopes that war is avoidable, he does so not only to reassure the people. but because he has good reasons to think so.

We must truly place our confidence in the government. The members of the cabinet have shown, in the past, that they have the interest of the Canadian people at heart. The Canadian people have confidence in the government which they returned to power two years ago. As far as I am concerned, as the representative of 30,000 electors, I have complete trust in the straightforwardness, honesty and competence of those who make up our government. That is why, during my electoral campaign, I stated I was a Liberal, I accepted and endorsed the Liberal party's actions, the party in which I had put all my trust. As such, Mr. Speaker, I was elected and as such I have voted for the government. This was indeed the mandate I received from my electors and I wish to remain true to it.

I am not surprised at the government's reticence as regards steps to be taken for the defence of our country and as a member of the United Nations. At the beginning of the second great war, I was in the office of the late Hon. Ernest Lapointe. As he seemed tired, I asked him what was worrying him. He replied: "If the people knew what news comes to us ministers, every twenty-four hours from England, France, Belgium, they would be desperate". Today, the situation is less critical. We should therefore have confidence in those we have honoured with our trust.

I know, Mr. Speaker, that all hon. members, like myself, have received from their electors letters about the high cost of living, requesting the establishment of price controls. Again, Mr. Speaker, I am confident that the members of the government are aware of the situation and will make the necessary decisions at the proper time.

In closing, I wish to congratulate the hon. member for Gloucester (Mr. Richard) on his interesting speech and especially on the part dealing with his visit to Rome last year.

He suggested that Canada send a representative to the Vatican.

I heartily support the hon. member's motion. I do so not as a Catholic but because the Pope, whose reign is so glorious, is considered by every right-thinking nation as one of the greatest diplomats of modern times.

One of the most famous and renowned of American presidents, the late Franklin D. Roosevelt, who, at the request of his people, served during four consecutive terms—something unique in American history—was not a Catholic. Yet, every month, from the beginning to the end of the war, his confidential representative, Mr. Myron Taylor, a non-Catholic, was sent to call on the Pope and ask his advice.

In these critical times we need the advice of wise and impartial persons. His Holiness Pope Pius XII is one of the wisest men on earth.

It is therefore proper and reasonable that he be consulted. I will therefore support the resolution for the appointment of a Canadian representative to the Vatican.

Now, Mr. Speaker, I am happy to say that I will do as I have done since I came to this house and will support the government on the budget issue.

I congratulate the Minister of Finance (Mr. Abbott) for his ability in securing acceptance of an operation that could have been more painful than it turned out to be. With his usual smile, he reminds me of a dentist who is sure to hurt his patients, but who knows how to divert their attention with fine words.

Nevertheless I will make so bold as to suggest to him that he modify that part of the budget which concerns the increased tax on refrigerators, electric stoves and washing machines, which are absolutely essential domestic appliances. To compensate that increase, he should raise the tax on alcoholic beverages.

This tax would increase our revenues and would help to prevent much criticism. In so doing the minister would please an immense number of housekeepers who would be eternally grateful to him for having taken that step.

(Text):

On motion of Mr. White (Hastings-Peterborough) the debate was adjourned.

BUSINESS OF THE HOUSE

Mr. Fournier (Hull): Tomorrow we will continue this debate, Mr. Speaker.

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

HOUSE OF COMMONS

Thursday, April 19, 1951

The house met at three o'clock.

QUESTIONS

(Questions answered orally are indicated by an asterisk.)

NEWFOUNDLAND RAILWAY—TONS OF FREIGHT CARRIED, 1947-51

Mr. Browne (St. John's West):

How much freight has been carried by the Newfoundland railway for the fiscal years 1947-48, 1948-49, 1949-50 and 1950-51?

Mr. Benidickson: The Canadian National Railways advise as follows:

Information as to tons of freight carried is not compiled separately for the Newfoundland district. However, revenue ton miles, which are indicative of volume of traffic, are given below from date of entrustment, April 1, 1949, to December 31, 1949, and for the calendar year 1950 as follows:—

1949—9 mos. April 1, 1949 to Dec. 31, 1949, 99,858,503. 1950—12 mos. Jan. 1, 1950 to Dec. 31, 1950, 131,263,904.

Information is not available of record of freight carried by the Newfoundland railway prior to the date of entrustment to the Canadian National Railways for operation.

CANADIAN NATIONAL RAILWAYS—DELIVERIES OF NOVA SCOTIA COAL

Mr. Black (Cumberland):

1. How many tons of Nova Scotia coal have been delivered to the Canadian National Railways in each of the years 1947, 1948, 1949 and 1950?

2. How much of this coal was delivered from each of the following points (a) Springhill; (b) Maccan; (c) Pictou county; (d) Inverness; (e) Cape Breton?

Mr. Benidickson: The Canadian National Railways advise as follows:

1. 1947, 415,293; 1948, 881,857; 1949, 717,501; 1950, 1,108,133.

2. 1947—Springhill, 67,439; Maccan, 21,137; Pictou county, 108,582; Inverness, 701; Cape Breton, 217,434. 1948—Springhill, 134,717; Maccan, 34,138; Pictou county, 181,898; Inverness, 3,270; Cape Breton, 527,834. 1949—Springhill, 104,885; Maccan, 29,460; Pictou county, 222,031; Inverness, 4,438; Cape Breton, 356,687. 1950—Springhill, 151,172; Maccan, 31,087; Pictou county, 275,009; Inverness, 805; Cape Breton, 650,060.

TRANS-CANADA HIGHWAY

Mr. Argue:

1. With what provinces has the federal government reached agreement as to their 1951 trans-Canada highway construction program?

2. How many miles of new construction on the trans-Canada highway does each province intend to build in 1951?

3. What is the estimated cost of the above 1951 program for each province, and what amount has the federal government agreed to assume?

Mr. Winters:

1. No agreement is necessary between the federal government and the provinces regarding the annual construction program. Projects are planned and made ready for construction by the provinces and are then submitted to the federal authorities for approval prior to tenders being called.

2. Information has not been received from any of the provinces as to the complete mileage of new construction contemplated in 1951.

3. See answer to No. 2.

Mr. Argue:

1. What mileage, by provinces, of the trans-Canada highway was (a) completed in 1950; (b) under construction at December 31, 1950?

2. What was the total construction cost in each province in 1950, and what amount was paid by the federal government in each case?

Mr. Winters:

1. (a) No mileage of the trans-Canada highway was wholly completed in any province in 1950.

(b) Complete records are not available for the mileage under construction at December 31, 1950, but the mileage under construction at March 31, 1951, was as follows:

	Miles	
	Grading	Paving
Newfoundland	153	..
Prince Edward Island	19	..
New Brunswick	30	..
Ontario	145	66
Manitoba	30	44
Saskatchewan	151	..
Alberta	15	42
British Columbia	29	38
Total	572	190

2. Complete records of actual construction costs at the end of 1950 are not available, but

such records for the year ending March 31, 1951, will be available by May 1, 1951. However, the total estimated work committed, completed and under construction, together with the claims submitted to the federal government and paid as at March 31, 1951, were:

	Work committed, completed and under construction	Claims submitted and paid
Newfoundland	$ 2,781,860.00	$ 923,279.26
Prince Edward Island	597,540.00	68,066.71
New Brunswick	1,612,404.00	..
Ontario	9,567,265.76	1,063,719.72
Manitoba	1,203,119.50	245,514.99
Saskatchewan	1,375,487.02	269,960.27
Alberta	2,398,372.36	14,975.87
British Columbia	5,014,961.16	1,205,900.27
	$24,551,009.80	$3,791,417.09

ROYAL MILITARY COLLEGE—CIVILIAN PERSONNEL

Mr. Pearkes:

1. How many civilian personnel are employed on the staff of the Royal Military College, Kingston, Ontario?

2. How many of these are members of the reserve forces?

Mr. Blanchette:

1. Civilians employed on the staff of Royal Military College, Kingston, Ontario; Women, 56 (5 of whom are veterans); Men—veterans, 108; Men—non-veterans, 33 (20 of whom are of military age and 13 of non-military age); total, 197.

2. 10.

CATTLE—EXPORTS TO THE UNITED STATES

Mr. Diefenbaker:

How many (a) beef cattle; (b) calves under six months; (c) dairy cows, were shipped to the United States in each month since November 1, 1950, to date?

Mr. McIlraith:

	November 1950 No.	December 1950 No.	January 1951 No.	February 1951 No.	March 1951 No.
(a) Beef cattle	53,809	35,911	17,997	14,904	20,010
(b) Calves under six months (cattle less than 200 lb.)	422	249	375	457	732
(c) Dairy cattle	2,531	2,307	2,927	3,948	3,978

Note: In trade statistics, calves are not recorded by age group but as "cattle weighing less than 200 pounds".

NORTH PACIFIC HALIBUT FISHERY CONVENTION

Mr. Applewhaite:

1. Has the Canadian government carried on any negotiations with the United States of America during the past six months with a view to a revision of the north Pacific halibut fishery convention?

2. If so, what decisions, if any, have been agreed upon?

3. If no agreement has been reached, of what nature were the Canadian proposals?

Mr. MacNaught:

1. Yes.

2. Following informal discussions with United States State Department officials in November, 1950, a Canadian counter-draft of amendments to the north Pacific halibut fishery convention was forwarded to the United States government. No official reply has been received to the Canadian proposals.

3. The Canadian proposals were to provide the international fisheries commission with additional powers to recommend to the two governments regulations as follows:

(a) Establish one or more open or closed seasons as to each area.

(b) During both open and closed seasons limit to size, and limit or prohibit the incidental catch of halibut that may be taken from each area by vessels fishing for other species.

(c) Make such regulations as it shall find necessary for the registration of fishermen and vessels engaged in fishing for halibut in the convention area.

The proposals also contained provision for appointment of one additional representative from each country on the international fisheries commission.

QUESTION PASSED AS ORDER FOR RETURN

PUBLIC SERVICE—EMPLOYMENT OF MARRIED WOMEN

Mr. Sinnott:

How many married women over forty years of age are permanently employed by the dominion government, in each province?

DOMINION ELECTIONS

APPOINTMENT OF SPECIAL COMMITTEE TO CONSIDER AND SUGGEST AMENDMENTS

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

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

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, we were not informed at six o'clock yesterday that this notice of motion would be proceeded with today. I had a few words that I wanted to say about it, and since the motion has now been called perhaps I have no alternative but to express at this time my thoughts on the motion.

I am sure we are all in agreement with the practice that is followed of setting up such a committee as this every once in a while so that the Dominion Elections Act can be reviewed. I understand that the chief electoral officer is constantly reviewing electoral practices, and when he feels there are changes that should be recommended he makes that fact known so that the committee can be set up and consideration given to ways to improve our election machinery.

Since the committee is to be set up and the act is to be reviewed, it seems to me that this is the occasion for members to indicate any matters which they feel should be given particular consideration. All of us in this house have had a good deal of experience with Canada's election machinery, and no doubt all of us have suggestions that we would like to make. There are a number I should like to make, but I shall confine myself on this occasion to one. I refer to the problem created for a great many electors in Canada by virtue of the fact that they do not happen to be in their own home constituencies on election day. In the election act there is provision for advance voting, but that privilege is accorded to a very limited number of people. It really does not fill the bill.

I think everyone will agree that, so far as the exercise of the franchise is concerned, the ideal is that it should be extended as widely as possible. Our aim should be to encourage Canadian citizens to get out and vote on election day. But the fact is that there are reasons that make it necessary for people to be away from their homes, away from their constituencies, on the day that the election happens to be held. People are sometimes away because of business. There are times, let it be said, when people are away on their holidays or vacations. When one realizes that many people in this country are tied to their work for 48, 50 or 51 weeks of the year, surely when they get one or two weeks' holidays it is a matter of importance that they get away if they possibly can. If an election falls when working people are away on their holidays, I suggest that some arrangement should be made to enable them to vote.

There are various ways in which it can be done. The simplest move to make—and I cannot understand why it was not made long ago—is to extend the right to advance voting and put it on a much broader basis. As I indicated at the start, we did not know this motion was going to be called today; therefore I do not happen to have the election act here, but I believe that advance voting is restricted to people who work for transportation companies and who are necessarily absent from their homes on election day in connection with their work. There are one or two other classes, such as fishermen and the mounted police. I hear some hon. members saying "commercial travellers", but I am not sure of that. At any rate there is obviously some doubt or uncertainty on that point. Certainly a great many people who find themselves away—frequently of necessity—on election day are not permitted to vote at the advance polls.

That is not true with respect to all elections in Canada. I know, for example, that in my own province of Manitoba the right to vote at advance polls in provincial elections is open to anyone who for any reason finds that he will have to be away on election day. No harm is done by virtue of that fact. No one abuses the privilege of democracy when he is allowed to vote in that way. I submit that the least that can be done with respect to this problem, so far as people away on election day are concerned, is that they should be allowed to vote at advance polls.

On a previous occasion when this matter was under discussion, I drew the attention of the house to the fact that there is another way in which this matter is handled in one province at any rate, and I refer to the province of British Columbia. In that province there is what is known as absentee voting. The mechanics are rather simple; if any qualified elector of the province of British Columbia is away from his home constituency on election day he may vote in whatever constituency he finds himself

on that day. There is a special ballot for the purpose, so that he votes for one of the candidates in his own riding. The counting of absentee ballots takes place a little later than the counting of ballots cast in home constituencies and after that the final results are announced.

I have heard many complimentary things said about the way in which absentee voting operates in British Columbia. In order to make the picture complete, I believe I should point out that the right to vote in another constituency than one's own does not apply to persons moving about in the Vancouver or Victoria areas. For example, if your home is in one constituency in Vancouver you cannot claim the right to vote as an absentee voter in some other Vancouver constituency, but if your home is in Vancouver and you find yourself in the interior of the province on election day you do not thereby lose your vote. I submit that consideration might be given to working out something of that kind in connection with federal elections as well. I readily recognize the problem if one were to try to do it on a nation-wide basis—in other words, if an attempt were made to permit persons from Halifax to vote for the Halifax candidates of their choice anywhere in Canada; but at least it could be tried out within provincial areas.

I offer these suggestions in the hope that they will be taken into consideration by the committee. This is not the first time suggestions of this kind have been made on the floor of this house, and I believe they have been considered by similar committees on previous occasions. As yet, however, no action has been taken to alleviate the situation. I believe it is important that Canadians be encouraged to vote, and that the right to vote be accorded to them as widely as possible. The least I would hope that the committee might do this session with respect to this problem is to recommend an enlargement of the provisions with respect to advance voting.

Mr. Graydon: A week or so ago, when the Minister of Veterans Affairs (Mr. Lapointe) was taking part in the debate on the constitution of the committee to deal with matters coming under his department, before the discussion proceeded he gave hon. members a general review of what he had in mind and some of the suggestions which were to be put forward by his department. Here we are to consider a number of amendments to the Dominion Elections Act which have been suggested by the chief electoral officer. I think it would be helpful to the house if the Secretary of State (Mr. Bradley) would give a review of what he has in mind, indicating the amendments which have been suggested by the chief electoral officer, so that this matter may be debated in the regular and usual way. I am sure the minister is both eager and anxious to do this, and I want to give him an opportunity.

Mr. Bradley: Mr. Speaker—

Mr. Speaker: Order. The minister has moved the motion, and under the rules if he speaks now he will close the debate.

Mr. Knowles: Let us give unanimous consent.

Some hon. Members: Oh, no.

Mr. Speaker: Unless the house gives unanimous consent—

Some hon. Members: No.

Mr. Speaker: —the minister will close the debate if he speaks now.

Mr. Knowles: Who is objecting to unanimous consent being given?

Mr. Robert Fair (Battle River): I do not feel it is necessary to make any extended remarks on this subject. I believe this is to be simply a continuation of the work commenced last session, which it is hoped to complete now. We should not take up a lot of time here on matters that can be dealt with much more expeditiously by the members of that committee. I have been a member of every elections committee appointed since 1936, and we have a fairly good act at the present time. One thing is still lacking, however—a system which will give us much better representation than we have at the present time. When the committee meets again I hope there will be strong support for the single transferable vote in single-member constituencies. I understand that this matter is now under consideration by the chief electoral officer, who has made quite a study of the problem. I understand also that the Canadian Chamber of Commerce received representations from all its branches across Canada giving strong support to this suggestion. I am looking forward to seeing that change made in the act this year.

Mr. George A. Drew (Leader of the Opposition): The suggestion has been made that the Secretary of State (Mr. Bradley) should explain the general intention as to the procedure to be followed, and also indicate the nature of the recommendations that have been made. Before that suggestion is disposed of, it seems to me that, after all, the main concern of every hon. member should be to make sure that the business of this house is carried on in the most expeditious and satisfactory manner. I should think it would be the desire of hon. members to give

unanimous consent to any procedure that would bring the most satisfactory results in dealing with a matter of this kind.

Surely no subject could be brought before this house for consideration which is of much greater importance to hon. members and to the people of Canada than the amendment of the act which provides for the democratic expression from time to time of the will of the people. In the motion before us there is an indication that apart from the general opinion of the members of that committee, and apart from such views as may be put forward by those asked to comprise the committee, the Secretary of State has received a number of recommendations. During the sittings of any important committee many hon. members who are not on the committee convey their opinions to members of the committee as to the subjects that should be brought forward, and give some indication of the views they feel should be expressed there. It appears that the Secretary of State has a number of recommendations of which hon. members generally are wholly unaware. I should think this would be the time for an expression of opinion as to some considerations which should receive particular attention by this committee. Without any attempt to impose the rules as a limiting factor, it would seem to me desirable that the Secretary of State should indicate the particular recommendations which will be put forward and the procedure he thinks should be followed, so that hon. members who are not on the committee will be in a position to make their recommendations to members of the committee as to what should be discussed.

Right Hon. L. S. St. Laurent (Prime Minister): Mr. Speaker, when I had the honour to propose the name of the present chief electoral officer for that important post, not as a nominee of the government but as a nominee of this house, the proposal was received in this chamber with unanimous acclaim. I think we are all agreed that it is desirable that under the act the franchise shall be exercised as widely as possible, and no one would wish to insist upon any rule that unduly diminished the possibility of any elector exercising his franchise.

The chief electoral officer I am sure is objectively concerned at all times with what he feels from his experience, not only as chief electoral officer but as assistant to the chief electoral officer, may be workable. I do not think it would be in accord with the former practice, and perhaps not the right thing to do, for the government to make recommendations to the house as to what should be done under the elections act. Here we are endeavouring to set up a representative committee. We are bringing no pressure whatsoever upon the chief electoral officer as to the nature of his recommendations; and I would not like any of those recommended as members of this committee by the whip on this side to feel that they had any duty to the government in exercising their functions as members of that committee. It is not a matter of government and opposition; it is a matter of the general membership of the house striving to get the kind of act that will make it easier to bring to this house proper representation of the whole body of electors. I would hope that the committee would consider these recommendations which come objectively from the chief electoral officer without any thought as to how they might work to the advantage or disadvantage of one party or another.

It seems to me that those of us who will not be members of the committee will be entitled to attend and make representations directly to the committee, or have them made by someone who will be of its membership. The matter will be dealt with more expeditiously if the house defers any debate until the committee has made an investigation and submits recommendations. The recommendations of the committee will not be binding on the house, but when they are presented we shall have not only their substance but also the reasons which induced the committee to make them. We could then have a more profitable and expeditious debate than we can if we attempt now to discuss in advance recommendations which may or may not have been made to the Secretary of State by the chief electoral officer.

Mr. Drew: Mr. Speaker, I want to agree with the Prime Minister, because I am sure all members are anxious to produce the best election act possible. I want to make it clear that in suggesting that we should have proposals from the Secretary of State it was not my purpose to extend the debate. I thought that if we had a concise statement as to how the committee was to proceed, and some indication of the suggestions that were to be put forward, it might avoid a debate.

Mr. Angus MacInnis (Vancouver East): Mr. Speaker, it was not my intention to debate this motion, although there are certain matters connected with the elections act which I think are important. The debate, however, having been opened by the hon. member for Winnipeg North Centre (Mr. Knowles) and the hon. member for Battle River (Mr. Fair), I see no reason why I should not add my little bit.

Although I agree with much of what the Prime Minister (Mr. St. Laurent) said in connection with this resolution, I believe that it is in much the same position as any other resolution coming before this house for the setting up of a committee. The members of the house are free to express their opinions concerning any aspect of the act that may come before the committee.

I intend to be brief, but there are two things to which I should like to refer. One of those things will certainly have to have government approval before it can become law. In conversation with the returning officer in my own riding, Vancouver East, as well as with returning officers in other ridings in Vancouver at the last election, I found they were unanimous in insisting that they were cramped in carrying out their duties because of the smallness of the remuneration they were allowed to pay for help. I suggest that that is a matter which should come before the committee, and upon which the chief electoral officer should be in a position to guide the committee, as no doubt complaints have been made to him.

Then, there is the question of persons being unable to vote who are not in their constituencies on election day. I think I have been a member of all the election committees that have been set up by this house since I came here. This question has always been one that received a great deal of consideration by those committees. I am sure the members of the committees were anxious to extend voting privileges to those who may be absent from their ridings on election day, but the difficulty was to find a formula that would extend that advantage to those people without developing a procedure that might be abused. I believe I am correct in putting it in that way.

As the hon. member for Winnipeg North Centre has pointed out, in the province of British Columbia we have developed a technique for allowing those who are not in their constituencies on election day to cast their ballot. I believe the formula is efficient and foolproof. It is the absentee ballot. It does not matter in what part of the province the voter happens to be on election day; if he wants to vote for the candidates in his riding he can do so if his name is on the voters' list in the riding in which he resides. If the riding in which he lives and has his vote is a large one and, because of the distance, he is not able to be at the designated polling place in his riding, he can vote at any other polling place in the same riding. He cannot do that, of course, in the urban ridings.

I recall that in one election, I think it was in 1941, I was in the city of Prince George on election day. I live in the constituency of Vancouver-Burrard, and I voted for the candidates in that constituency just as easily and just as effectively as if I had been at home on that day. I believe the method used in British Columbia can be adopted in federal elections just as easily as in provincial elections. However, as the hon. member for Winnipeg North Centre has said, it might be found advisable to limit the absentee vote to the constituencies within a province.

With these few remarks, Mr. Speaker, so far as I am concerned I am quite willing to let these matters go to the committee and have them discussed there.

Mr. J. A. Ross (Souris): Mr. Speaker, I think there could be several improvements made in this election act. Ever since I came here in 1940 there is one amendment about which I have been concerned, and that is the one which would provide for the transferable vote. I agree with the principles set forth by the Prime Minister (Mr. St. Laurent) in connection with making an effective act for the individual elector. From experience, however, I think there is plenty of proof that we should have the transferable vote.

In the general election of 1949, for instance, there were 121 members elected by a minority of the votes cast in their respective ridings; that is a very large percentage of the total number of members in this house. As a matter of fact, during that same election supporters of the present government, which has such an overwhelming majority, were elected to approximately seventy-five per cent of the seats in this house with less than fifty per cent of the vote which was polled across the country. I believe those figures were issued by the chief electoral officer at the time. I am not complaining about that and saying that the election act should be revised now, because that has happened on other occasions. But in a modern democratic nation we should reduce this sort of gamble as much as we can. It is important that this committee should recommend to the house an amendment to provide for the transfer of votes, so that if there is a multiplicity of candidates in a riding a candidate must receive a majority of the votes cast before he can be elected. I believe that change should be made in the interests of modern democracy.

Mr. Gordon Graydon (Peel): Mr. Speaker, I do not rise to raise a point of order at this time as I did before. I rise now to take part in the debate, in order to suggest to the Secretary of State (Mr. Bradley) that, in view of the present voting hours provided for under our election act, a large and, if I may say so, growing group of voters are

virtually disfranchised. I refer more particularly to those who are now in that greatly increased class of people who commute from their residences to their places of work.

I suppose it will not be any news to hon. members to be told that there are now in Canada many people who are commuting from places as far as fifty miles or more away from their work. To travel these distances takes a considerable length of time, even if they use a motorcar, thus making for flexibility of hours which may meet their convenience in special instances. But there are large numbers of people—and a great number in my own riding—who use the train service morning and night in going to and coming from their work. What it means is this, if they are to continue to use that train service: they cannot stay long enough in the morning to vote, and they cannot get back early enough at night to do so. The committee ought to make a thorough study of that question; because, following up what the Prime Minister (Mr. St. Laurent) so aptly said a few minutes ago, I fancy it is the desire of every member of this house that there should be, under an act of this kind, as little inconvenience, lack of accommodation and disfranchisement as possible.

I should also point out, Mr. Speaker, that this group of people to whom I have referred is rapidly increasing in numbers in many sections of Canada. What may not have been a problem ten, fifteen or twenty years ago has now become an acute one which these commuters and suburbanites feel is a matter of discrimination with regard to their franchise. I hope the committee will deal with that matter.

Before I sit down, inasmuch as the minister did not make a statement at the opening of this debate may I suggest that he take the opportunity of doing so before the debate closes, and of at least disclosing the information with regard to amendments that was given to him by the chief electoral officer. When he does so, we will follow the principle laid down by the Prime Minister and will not regard him as a cabinet minister but just as one of the rest of us.

Mr. Abbott: Does the hon. member want to make a third speech?

Mr. Graydon: I could, if you like.

Mr. Abbott: Heaven forbid!

Mr. Bradley: Mr. Speaker—

Mr. Speaker: If the minister speaks now, he will close the debate.

Hon. F. G. Bradley (Secretary of State): The matter of amendments to the Dominion Elections Act is of course one of great moment to every member of this house. Hon. members will recall that last year a committee was set up to make a study of the elections act and to suggest such amendments as they deemed to be appropriate. At that time the chief electoral officer had a substantial number of proposals to make to the committee. Many of them were formal in character; some went to matters of substance. In particular I recall that one concerned my own province. It will be remembered that provision was made for a first election in the province of Newfoundland; but the force and validity of that particular provision has now been exhausted, and it is necessary that the situation be reviewed in order that Newfoundland, in any future election, may vote as do the other provinces of Canada. I think the same consideration applies to one or two other sections of the dominion.

I have not had any discussion of the matter with the chief electoral officer since then. Last year the matter went to the committee; and of course I am not a member of that committee. This year it is proposed to continue the work. At the moment I have no list of the amendments which were to be suggested by the chief electoral officer, nor have I any report of the committee which would indicate just what amendments they might be considering or might be prepared at some later date to recommend to this house. I feel, however, that the debate this afternoon has been of value. A number of suggestions have been offered, and I am sure that the committee will take due notice of them and give them serious consideration.

Motion agreed to.

NAMES OF MEMBERS COMPRISING COMMITTEE

Mr. W. G. Weir (Portage-Neepawa) moved:

That the following members comprise the special committee on the Dominion Elections Act: Messrs. Applewhaite, Argue, Balcer, Boisvert, Boucher, Cameron, Cannon, Decore, Dewar, Diefenbaker, Fair, Fleming, Fournier (Maisonneuve-Rosemont), Fulford, Harris (Grey-Bruce), Hellyer, Herridge, Jeffery, Kirk (Antigonish-Guysborough), MacDougall, McWilliam, Murphy, Nowlan, Pearkes, Power, Stick, Valois, Viau, Ward, Wylie.

Mr. McLure: Is Prince Edward Island represented on the committee?

Motion agreed to.

NATIONAL DEFENCE

AIR FORCE—ESTABLISHMENT OF BOMBING AND GUNNERY RANGE NORTHEAST OF EDMONTON

On the orders of the day:

Hon. Brooke Claxton (Minister of National Defence): Mr. Speaker, I should like to report that agreement has been reached with the provinces of Alberta and Saskatchewan for

establishing a large R.C.A.F. bombing and gunnery range roughly 100 miles northeast of Edmonton. The range will cover an area of several thousand square miles, and is necessitated by the high speed of modern jet aircraft and the long range of their weapons, including rockets and cannon, which result in a large increase in the danger area. There will continue to be a requirement for the existing bombing and gunnery ranges in current use.

The new range will also be used in connection with the development and evaluation of various forms of air weapons, including particularly air-to-air rockets.

The range will lie to the east of the Northern Alberta railway and will be roughly centred on Primrose lake. It will stretch about 115 miles from east to west and 40 miles from south to north, with the possibility of extension to the north if later required.

There are no settlements in the area, and compensation will be paid for any property rights in trap lines, etc., affected.

Construction will be commenced at once on necessary runways, operations buildings and barracks blocks, etc., at an estimated cost of $14 million.

REPORT AS TO PROPOSED EXPENDITURE AT MACDONALD AND PORTAGE AIRPORTS

On the orders of the day:

Mr. R. J. Wood (Norquay): I should like to direct certain questions to the Minister of National Defence. My inquiry is prompted by a news item appearing in the Winnipeg *Free Press* of April 16, in reference to the airport at Gimli, Manitoba. It reads in part as follows:

But lack of adequate accommodation—

Mr. Speaker: Order. I do not think the hon. member should read the dispatch. He might ask the question.

Mr. Wood: My questions are: Has the minister seen the reports in the Winnipeg *Free Press* and the Portage la Prairie *Graphic*, wherein it is estimated that over $10 million will be expended this year on the airports at Macdonald and Portage? Is this correct?

Is it correct that the minister intimated, as suggested in the *Graphic* report, that small housing units should be prepared, and that Portage should "get going" on the project now?

If the minister has not seen the reports referred to I will send them over, and he can answer later.

Hon. Brooke Claxton (Minister of National Defence): My attention was drawn to this matter only after coming into the house today. I shall be glad to look into it and give the hon. member an answer.

[Mr. Claxton.]

PACIFIC DEFENCE

INQUIRY AS TO SECURITY AGREEMENT—UNITED STATES-AUSTRALIA-NEW ZEALAND

On the orders of the day:

Mr. Howard C. Green (Vancouver-Quadra): I should like to direct a question to the Secretary of State for External Affairs. Yesterday President Truman announced plans for working out a security agreement between the United States and Australia and New Zealand which apparently is to lead to a full-scale Pacific pact comparable to the North Atlantic alliance. Will the minister tell the house where Canada fits into this picture?

Hon. L. B. Pearson (Secretary of State for External Affairs): The statement which was made by President Truman yesterday in Washington—and I believe statements were also made in New Zealand and Australia—referred to a proposed arrangement between the governments of Australia, New Zealand and the United States for mutual security pursuant to articles 51 and 52 of the United Nations charter. The Canadian government has been kept closely informed of those negotiations, and we have already indicated to the governments of Australia and New Zealand that we welcome them as an important contribution to the defence of freedom by increasing stability in the area to be covered by these arrangements. That area was referred to by the Australian minister of external affairs in a statement to the house of representatives in Canberra on March 14 last, when he said—and I am quoting from Mr. Spender's statement:

The objective has been to obtain an arrangement which will benefit the whole of the western Pacific area, guaranteeing friendly aid and protection in the event of a renewed threat of attack.

Yesterday in his statement President Truman did say that these arrangements constitute initial steps, not, as I understood him, necessarily to a Pacific pact, but initial steps in the consolidation of peace in that area. If these negotiations are extended to cover anything like a Pacific pact analogous to the North Atlantic pact, naturally the Canadian government would be interested; but we have received no indication that these additional negotiations are going to take place.

IMMIGRATION

REPORT AS TO TREATMENT OF PERSONS COMING TO CANADA FROM EUROPE

On the orders of the day:

Mr. J. G. Diefenbaker (Lake Centre): In the absence of the Minister of Citizenship and Immigration I should like to direct a

question to the Prime Minister. Has the statement of John Fisher, Canadian Broadcasting Corporation commentator, made yesterday in Toronto, to the effect that immigrants coming to Canada from Europe are treated like cattle, and his description of his own experience recently on his return from Europe, been brought to the attention of the Prime Minister? If not, having regard to the importance of any statement made by Mr. Fisher, and the regard the people of Canada have for him, will that question be looked into?

Right Hon. L. S. St. Laurent (Prime Minister): The matter has not been drawn to my attention, and I should be very much surprised if any responsible person compared the treatment received by immigrants to Canada as that proper to be given to cattle.

[*Later:*]

Mr. Diefenbaker: Now that I have sent over to the Prime Minister the article in question from the *Telegram* of yesterday, does he not consider that the statement is of such a nature that it should be looked into, particularly in view of the eminence of the person who is quoted as having made it?

Mr. St. Laurent: The hon. member was good enough to send over to me the clipping from the *Telegram* of Wednesday, April 18, which contains the statement that Mr. Fisher had witnessed bad treatment which he attributed to the picayune attitude of Canadians who, he said, resented the immigrants on grounds that there was a housing shortage and that there were not enough jobs to go round. He said that there had been treatment of one young woman which he resented, and that he felt like making representations to the immigration official.

The conduct of the immigration official will certainly be inquired into, because it is not the policy of the department to have anything but the greatest possible degree of kindness and courtesy shown to those who are coming here to become Canadians. If any official has behaved otherwise, his case should be very seriously considered. If he is not capable of carrying out the policy of the department, he should be relieved of his duties.

With respect to the statement that there are Canadians who have a picayune attitude about housing and jobs, we all know that the matter of substantial immigration, while it may have the approval of a vast majority of the people everywhere, is opposed by some.

Inquiries of the Ministry

VETERANS LAND ACT

BRANTFORD SUBDIVISION—REPORT AS TO FLOODING OF BASEMENTS

On the orders of the day:

Mr. J. A. Charlton (Brant-Wentworth): I should like to direct a question to the Minister of Veterans Affairs. In view of the resolution which I believe his department received, and an article which appeared in the *Globe and Mail* this morning, is the government prepared to establish immediately a committee of investigation to review charges of Brantford branch, local 461, of the Canadian Legion, that the Veterans Land Act administration sold waterlogged land to veterans, who are now in danger of losing their homes because water is being forced upward from an underground lake?

Hon. Hugues Lapointe (Minister of Veterans Affairs): I have not seen the item appearing in the *Globe and Mail* to which my hon. friend refers, but I understand that it has to do with basement flooding which is being experienced by some veterans who are building their own houses on a Veterans Land Act subdivision in Brantford. This matter has received and is receiving the attention of the department. I may tell my hon. friend that a meeting is to take place tomorrow of the veterans themselves, the Legion, and representatives of the Veterans Land Act administration.

I might add that the property to which my hon. friend refers was purchased, I believe, in 1945, by the director of the Veterans Land Act, and it was purchased after having been inspected by qualified engineers who certified that it was suitable for building purposes. Up to 1950 some fifty houses were built there, and none experienced any unusual drainage problems. It is believed that the trouble in this area—there are sixteen further houses involved—is due mostly to the unusual water conditions this year. All these houses to which reference is made are not finished. Actually I believe there are only six which are finished and occupied; the others are in process of being built. That is given as one of the reasons for the trouble. However, the matter is well in hand and is being looked into.

INQUIRIES FOR RETURNS

CABANO, QUE., FIRE—DEVASTATION OF B. C. ORCHARDS

On the orders of the day:

Mr. E. D. Fulton (Kamloops): May I ask the Secretary of State, or if it is not something that he is responsible for, the appropriate minister, if he will be kind enough

to look at *Hansard* of March 19, page 1384, which shows that a question which I asked was passed as an order for return. The return has not yet been brought down. I asked for a comparison of the amount requested to assist in the disastrous fire at Cabano and that requested to assist in the damage caused to the fruit orchards in British Columbia. I should be very glad indeed if the return could be expedited.

DIRECTORS OF CROWN COMPANIES—EXPENSES, FEES, ETC.

Mr. William Bryce (Selkirk): A question of mine was passed as an order for return two months ago today, as is indicated on page 454 of *Hansard* of February 19. I have not yet received the return.

NEWSPRINT

QUESTION AS TO CONTROL OF ALLOCATION TO SMALL PUBLISHERS

On the orders of the day:

Mr. Stanley Knowles (Winnipeg North Centre): May I direct a question to the Minister of Defence Production? Does the control over newsprint which was announced within the last day or so give the government authority to control the allocation of newsprint supplies within Canada to enable smaller publishers to get such newsprint as they require?

Right Hon. C. D. Howe (Minister of Defence Production): That is not the purpose of the order, whether the authority is contained in the order or not. There is no present intention to control allocation of newsprint.

FISHERIES

ATTENDANCE OF SECRETARY OF STATE AT ST. JOHN'S, NFLD., CONVENTION

On the orders of the day:

Mr. W. J. Browne (St. John's West): I should like to direct a question to the Secretary of State. Did he attend the convention of fishermen in St. John's, Newfoundland, in an official capacity? If he did so, has he any statement to make to the house?

Some hon. Members: Oh, oh.

Hon. F. G. Bradley (Secretary of State): I do not think that a statement on a subject of that kind is one which I should make at this time.

Mr. Browne (St. John's West): Did the minister attend that convention in an official capacity? If he did not, in what capacity did he attend?

Mr. Bradley: I was not there as Secretary of State for Canada.

[Mr. Fulton.]

Mr. Graydon: That is twice this week that you have divested yourself of your portfolio.

CIVIL SERVICE

INQUIRY AS TO ORDER IN COUNCIL WITH RESPECT TO OUTSIDE WORK

On the orders of the day:

Hon. Douglas Abbott (Minister of Finance): Last Monday the hon. member for Winnipeg North Centre (Mr. Knowles) asked if there had been a recent order in council relating to outside employment for civil servants. I indicated that there was such an order, and promised to give a statement at a later date, which I now wish to do.

Order in council P.C. 3/1440 lays down certain principles relating to outside employment undertaken by civil servants. Earlier orders in council dating back to 1925 had laid down the general principle that no full-time civil servant earning more than $1,600 a year could engage in any outside gainful employment without the express approval of treasury board. Literally applied, this meant that no civil servant could, for example, receive payment for serving as an organist in a church, or even acting as a baby sitter, without prior approval by treasury board. This was manifestly inoperable and, in fact, the regulation has not been generally enforced.

After full discussion the national joint council of the public service of Canada recommended the new regulations which have been incorporated in P.C. 3/1440.

In effect, the new regulations define certain classes of prohibited employment; for example, where the employee would make use of confidential information acquired in the course of his duties.

In all other respects the control of outside employment has now been passed to the deputy heads of the departments, who may lay down principles applicable to their respective departments. Subject to such departmental rules as the deputy head may lay down, a civil servant may engage in non-prohibited outside employment so long as it does not impair his efficiency in the public service. Where a deputy head is of the opinion that outside employment is impairing the efficiency of the employee's regular duties, he may direct the employee to cease or to limit such outside employment.

I shall table a copy of the order in council, if it has not already been tabled.

Mr. Knowles: May I point out that the minister has overlooked one aspect of my question? My question was based on the way in which this order was being interpreted in

the press. It is being interpreted as an order the purpose of which is to permit civil servants to supplement their government earnings. Has the minister any comment to make on that aspect of the matter?

Mr. Abbott: I am not responsible for the interpretation that is put on these matters by the press. For the last twenty-five years there has been an order in council respecting outside employment, and I summarized the terms of it. It was felt that it was inoperable and unenforceable; consequently a new order in council was drafted which sets out certain employment in which civil servants may not engage. So far as other jobs are concerned, that rests with the deputy head of the department.

Mr. Graydon: Are there very many cases of that kind in the civil service?

Mr. Abbott: I have no idea.

POSTAL SERVICE

TORONTO MAIL CARRIERS—INVESTIGATION OF WORKING CONDITIONS

On the orders of the day:

Mr. L. Langlois (Parliamentary Assistant to the Postmaster General): Mr. Speaker, I wish to refer to a question asked yesterday by the hon. member for York South (Mr. Noseworthy) regarding an investigation of the working conditions of mail carriers in Toronto, as reported on page 2142 of *Hansard*. In reply may I say that as a result of the investigation conducted in Toronto the department authorized the postmaster to make a cut of one walk for every four walks, instead of one in three. This was done. The whole situation is constantly under study.

GASOLINE

EFFECT OF BUDGET PROPOSALS ON PRICES

On the orders of the day:

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, I should like to direct a question to the Minister of Finance, based on a Winnipeg press report indicating an increase in the price of gasoline of two cents a gallon. Can the minister explain how an increase in the sales tax of considerably less than one cent per gallon becomes two cents per gallon at the retail level?

Hon. Douglas Abbott (Minister of Finance): I do not know that the price rise is two cents a gallon. I am not in the gasoline business. The increase in the sales tax is two per cent, and merchants who have commodities to sell presumably are adjusting their prices accordingly. I do not make their prices, and there is no control so far as the government is concerned over the price of gasoline, any more than there is over most other commodities.

Mr. Knowles: The increase in the sales tax would be only about half a cent per gallon.

THE BUDGET

ANNUAL FINANCIAL STATEMENT OF THE MINISTER OF FINANCE

The house resumed, from Wednesday, April 18, consideration of the motion of Hon. Douglas Abbott (Minister of Finance) that Mr. Speaker do now leave the chair for the house to go into committee of ways and means, and the amendment thereto of Mr. Macdonnell (Greenwood), and the amendment to the amendment of Mr. Coldwell.

Mr. G. S. White (Hastings-Peterborough): Mr. Speaker, today at 12.30 the ears of the whole world were tuned to Washington to hear an address by that great soldier, General Douglas MacArthur. His classic speech will long be remembered, not only by our American cousins but throughout the entire world where freedom still survives today. His remark that the American concept of human liberties was the best yet devised and his remark that the hopes and aspirations of the human race centred in the historic chamber from which he was speaking may to the same degree apply to Canada and to this chamber.

The warning of General MacArthur that you cannot appease communism in Asia may well be repeated in this house. His reference to the dignity of all mankind should be remembered. His warning of there being no substitute for victory or a sham peace laying the base for future demands should be well heeded by all pacifists and isolationists in Canada. His reference to prolonged indecision, political indecision and the lack of reinforcements for the American army when he called for reinforcements may well be pondered over by this government.

Those of us who were here in the 1944 parliament well remember the tragic price that Canada had to pay for the lack of trained reinforcements for service overseas. There are many in Canada today who feel that the strength of our armed forces is much too low in view of the world situation. I sincerely hope that the reason for this is not the result of political indecision.

In taking part in the budget debate I wish to refer only briefly to certain matters which have been discussed already by other members. It has been pointed out already to the

Minister of Finance (Mr. Abbott) that corporation profits during the past year have been at an all-time high, while the net income of the primary producers has been decreasing. While the minister has imposed an additional 20 per cent surtax on corporations, I think he will find that at the end of the year when their statements are issued profits for 1951 will be even higher than in 1950. In the past it has been proven that when additional taxes are imposed on corporations it simply means that the price of the product or manufactured article is raised and the increase is passed on to the consumer. After all, there is nothing to prevent a manufacturer of washing machines, radios, or anything else from setting his own prices. As the Minister of Finance pointed out a moment ago, he has nothing whatever to do with setting the retail price of gasoline. Neither has the minister nor the government anything to do with setting the price of any product. Therefore I submit that, so far as many corporations are concerned, these additional taxes will simply be passed on to the consumer.

Many speakers have already referred to the 20 per cent increase in personal income tax. In his remarks the minister indicated that he was pleased and took credit for not lowering the exemption. If the minister wanted to take credit for doing something, he could have easily increased the exemptions to $1,500 and $3,000 respectively, and he would have received cheers and credit all across the country. The minister should remember that when the exemptions were set at their present figures the value of the Canadian dollar was much higher than it is today, and the cost of living index was much lower than it is at the present time.

The so-called luxury tax is most unfair in many aspects. I for one often wonder who the experts are who decide what items are to be classed as luxuries. We live in a cold climate, so let us take furs, for example. Under the system of taxation it does not matter whether the fur in question costs $75, $200 or $500. They are all subject to the same rate of tax. The same applies to a watch. It does not make any difference whether it costs $50, $300 or $500. The same scale of taxation applies to many other items which today are classed as luxuries. I suggest to the minister that in the taxation of these so-called luxury items some limit or line be established whereby the tax would only apply to such articles when they exceeded a certain price. There are many other items classed as luxuries today such as clocks, luggage, pens, and so on. It is rather difficult to understand how the minister can justify taxing these items of ordinary everyday use and necessity when at the same time expensive articles of furniture, oriental rugs and oil paintings are not taxed.

The new tax of 15 per cent on washing machines and other electrical equipment is in my opinion most unfortunate. In Ontario at least the hydro commission each year builds hundreds and hundreds of miles of new hydro lines. For the first time many new consumers are able to obtain the benefits of cheap power and the great benefits that flow from the use of the many electrical appliances we have today. Naturally these people, who for the first time are hooked up with hydro, have no electrical equipment of any kind, and today they find that on top of the present very high price for electrical equipment they are faced with an additional 15 per cent tax. It seems to me that many articles for which electricity is used are too high today. Take, for example, the ordinary electric stove, which is not a complicated piece of machinery. Nevertheless the average price in Ontario, without the additional 2 per cent sales tax and the 15 per cent excise tax, is $300. The same high prices apply to practically every other type of electrical equipment. Young married couples furnishing their first home will find that these taxes on absolute necessities impose great hardship. These young people are faced with the necessity of buying electrical equipment not because of the fact that the minister has put a tax on stoves but because in the great majority of cases electricity is the only thing used for cooking and other purposes.

I agree with the remarks made the other evening by the hon. member for Winnipeg North Centre (Mr. Knowles) with respect to medical deductions for income tax purposes. I think the minister could well afford to adopt the suggestion made by the hon. member and allow all medical expenses as a deduction. In my opinion the present method of allowing the amount over 4 per cent of the net income, with the provision that such figure is not to exceed $750 for a single person and $1,000 for a married person, should be abolished. I would point out to the minister that when the 4 per cent provision was inserted in the income tax law hospital charges, nursing fees, doctors' fees, surgeons' fees and all other fees pertaining to sickness were much lower than they are at the present time. I know from personal experience that I have had occasion many times to examine medical bills both in connection with estates and for income tax purposes, and I am always amazed at how much it costs to be ill or to have an operation. I think the change suggested by the hon. member for Winnipeg

North Centre is very fair, and is worthy of serious consideration by the minister.

I should also like to bring to the attention of the minister an item appearing in the brief submitted by the Canadian Chamber of Commerce on the 23rd of February, 1951, having to do with the Dominion Succession Duty Act. The submission in the brief is as follows:

> The chamber reiterates its protest that in estates over $50,000 the federal government levies succession duties not only on the excess of $50,000 but on the initial $50,000, thus establishing an inequality of exemption, and setting up in the Succession Duty Act a discriminatory provision.

It is pointed out in the submission that there is inequality of exemption, and I suggest to the minister that his department could well afford to amend the act so that there would be an allowance of $50,000 in all estates thereby removing this inequality of exemption. I am sure the loss suffered by the Minister of National Revenue (Mr. McCann) would be very small.

As the Minister of Public Works (Mr. Fournier) is here, I wonder if he has seen the very interesting picture that appeared on the front page of the Ottawa *Journal* of yesterday. It shows the foundation for the new printing bureau across the river in Hull, and the heading is, "How's the Fishing?" Then there is this comment:

> Boaters and hopeful anglers this morning were "cruising down the river" on a newly formed body of water in the excavation of the government printing bureau in Hull. The water was 19 feet deep, and was formed by the backing up of flood-swollen Brewery creek.

I presume it is water; it does not say it was beer.

> Works department pumping crews this afternoon were pumping the water back into the creek so that the work on the superstructure could go on. The 13-acre printing bureau site cost the federal government more than $800,000 in expropriation payments.

I should like to suggest to the minister that if he is having difficulty with the location over there he might move the location to my riding. There is plenty of good high land and the foundations could be built on solid rock. The cost of the land would not be anything like $800,000.

Mr. Fournier (Hull): I will take it into consideration.

Mr. White (Hastings-Peterborough): I must say that if you come up there you will not be able to fish out the windows, but I can assure you that you will not have far to go to enjoy the best fishing to be found anywhere in Canada.

Now, Mr. Speaker, I wish to speak briefly on the dairy industry in Canada. I want to commend the hon. member for Lanark (Mr. Blair) on the very fine, fair presentation he made in this house on behalf of the industry last Monday. I agree with, and concur in every way in, the remarks made by the hon. member, which will be found at page 2071 of *Hansard*. For a long period the county in which I live has been a great producer of cheese. For many years it produced more cheese than any other county in Ontario. The famous Black Diamond cheese, manufactured and cured in this county, is becoming famous in many countries, and every year the demand in the United States is increasing. The importance of the cheese industry to this county is indicated by the fact that the first producer storage plant to provide cheese curing, storage and laboratory facilities was erected at Belleville.

Since Hastings is an agricultural county it is only natural that the farm producers should be greatly concerned about any fall in prices which affects their products. The very serious inequity as between urban and rural producers which existed at the outset of the war could not be cured by wartime controls. In order to get production at that time labour were given practically everything they asked, but at the same time farm products were strictly controlled. It is quite clear now that the unavoidable wartime controls and the unnecessary peacetime compulsory marketing and political prices since the war have cost the Canadian farm producers hundreds of millions of dollars, and it seems to me the government should take some action to reimburse the farm producers of eastern Ontario and Quebec for the losses they have sustained.

Apparently the government recognized that it had some obligation in the matter. I will not say it was a legal obligation; it could only be a moral obligation, but already they have approved the payment of $65 million to reimburse western farmers who sold their product under practically the same conditions.

Mr. Ross (Souris): That was just a token payment.

Mr. White (Hastings-Peterborough): It shows the advantage to any group of producers in Canada in being well organized and exerting great pressure on the government, as well as having their members in the house make insistent demands in their behalf. The Minister of Agriculture (Mr. Gardiner) went to England to see what could be done to obtain further moneys for Canada to pay for our wheat. He was unable to make any settlement, however, and as a result of his visit the general public of Canada have had to pay $65 million as a bonus to western farm producers. The farmers of eastern Ontario

and Quebec certainly will have to pay their share of this $65 million, despite the fact that during the same period their products were being shipped to Britain at much lower prices than prevailed in the United States. The cheese and bacon of eastern Ontario and Quebec were requisitioned and confiscated, and the producer had absolutely nothing to say in the matter. If there is an obligation, even only morally, to pay the western wheat producers, there is exactly the same moral obligation to make up to the producers of eastern Ontario and Quebec the losses they sustained on the sale of their products. And if the payment of $65 million was made on a moral basis only, then I suggest that the whole issue of the post-war food contracts with Britain should be reopened and reviewed.

During the war there was never any question of a surplus of farm products. The government encouraged farmers to increase production of every kind. The farmers did increase their stock and their acreage, and this at a time when farm labour was scarce and machinery was hard to get and very expensive. The production of foodstuffs was greatly increased, both for civilian use and for the members of the armed services. But during the war years farm products were strictly controlled, and the farmer had no price tag on them. During the same period, however, industry did have a price tag on its products. In many cases industry operated on a cost plus basis, and that is the way industry operates today. There is a price tag on every article turned out, and that price tag makes sure that the manufacturer gets back his cost of production plus a very fair profit.

In his remarks the hon. member for Lanark gave the results of a survey in his county, which showed that in one year the average farmer lost $147 on his milk production. In its report in 1947 the Ontario royal commission on milk showed that it cost $2.69 to produce one hundred pounds of milk for cheese, while the milk producer received in return only from $1.95 to $2.10. I should like to quote a few paragraphs from this report. Under the heading "Price and cost of production" it says:

> The farmer producing fluid milk for consumption in towns and cities of the province is as much entitled to a fair return for his work as a consumer who works in a factory or an office. If up to the present time, through lack of sufficiently effective organization, he has not been able to make his demands felt, that is not a reason for asking him to produce milk for the fluid market at prices less than his cost plus a reasonable profit. He is primarily entitled to the costs of producing milk and to a fair profit for that labour.

[Mr. White (Hastings-Peterborough).]

In regard to milk and cheese the commission found these very interesting facts:

> The results of an over-all survey made by the accountants attached to the commission . . . show an average net cost of producing one hundred pounds of cheese milk in 1946 to be $2.34, to which an administrative allowance of 35 cents was added, making a total cost, including administrative allowance, of $2.69 for one hundred pounds of cheese milk.
>
> At the time of the inquiry . . . the return to the cheese milk producer was estimated at between $1.95 and $2.10 . . . If the average figure is one of general application, as I believe it is, it would seem to substantiate the contention brought forward by the cheese producers association that the price structure existing at that time did not permit a return to the farmer sufficient to pay his cost of production and give him even a modest profit.

If it cost $2.69 to produce one hundred pounds of cheese milk in 1946, certainly it will cost a great deal more in 1951, because as everyone knows the cost of labour and materials has greatly increased. Yet, so far as 1950 is concerned, the milk producer was only receiving approximately $2 per hundred for his milk. In 1950 the cheese producer received 28 cents at seaboard for his product under a contract made by the Minister of Agriculture. The cheese producer had no say in the matter. Additional freight rates and increased cost of production will no doubt further reduce the returns to the cheese producer in 1951.

I would point out that since 1941 over 150 cheese factories in the province of Ontario have closed. In the district in which I live I know of three factories which will not operate during the 1951 season. Speaking to the farmers who have formerly sent milk to these factories, they tell me they will not continue sending milk for prices similar to those which they received in 1950. In many cases the production of milk is simply a side-line. Many farmers will not continue to produce milk for the production of cheese at a loss. I would point out that cheese, butter and other farm products were most important during the war for food for both armed forces and civilians. Surely as a defence measure for the future at least the remaining cheese factories should be kept in operation.

I recall that only a short time ago a protest was made in this house against certain cheap foreign shirts from Japan that were being dumped on the Canadian market. Apparently the Canadian textile industry had enough influence or brought enough pressure to bear on the proper authorities to have the importation stopped. If it is necessary, Mr. Speaker, for the textile industry to have protection of that type, surely then it is not unreasonable to ask that the dairy producers have some sort of protection from

substitutes shipped into this country, and then manufactured into food products which take the place of natural food products.

On Monday last the Minister of Agriculture stated that no decision had yet been reached as to the price of butter for this year. No doubt the minister and his department have received many letters, telegrams and petitions—as many members have—from farm groups and cream associations requesting that a floor price for butter be set at 62 cents a pound. I for one hope the minister will see fit to recommend a floor price for butter of 62 cents a pound.

So far as cheese is concerned, I fail to see how our producers can operate on even smaller margins of profit if the price in 1951 is less than 32 cents a pound, and that f.o.b. the factory. I should like to ask the Minister of Agriculture a question. Does he feel that the price of 28 cents a pound at seaboard received by the cheese producers of Ontario in 1950 was a fair and reasonable price, and a price at which the milk producer for cheese could operate at a profit?

As I have mentioned to the minister before, there are many veterans in my county who used their gratuities and re-establishment credit to set themselves up in farming. These veterans have heavy commitments to meet in the future, and if they are to be successfully re-established in our peacetime economy they must receive better returns for their farm products. Not long ago a dairy farmer was one whose main objective was to produce and sell milk, and his farm was run to that end. Today the average dairy farmer, apart from the one who produces whole milk for large communities, simply means a farmer who keeps cows as a sideline. It could not be otherwise, considering the prices of manufactured milk during the past few years and the rising cost of everything that a farmer must purchase, including labour. Any man dependent wholly upon his milk cheque during the past few years would have to be pretty good to keep his head above water.

The dairymen in eastern Ontario and Quebec have been kept in business by a thriving export business for dairy cattle, and the high prices paid for any kind of animal that could be used as meat. I know that in my county every week in the year there are buyers from New York state who are anxious to buy dairy cattle. I admit that the prices are good, in fact the prices are extra good. Unfortunately every year the number of cattle in the county is seriously decreasing. No doubt there are some farmers who never sell on the export market, but they have a ready sale to other farmers and to local butchers willing to buy all their young cattle for beef. So far as the dairy farmer is concerned, this is not good. It has made him content to accept low prices for manufactured milk, such as those prevailing last summer. It has also made him indifferent to the fight against substitutes for milk and cream. This has been most noticeable lately. The use of substitutes for milk and cream strikes at the very core of the dairy industry, not just butter but every other product that is made from milk.

Some time ago it was reported that in the city of Toronto alone the large bakeries had discontinued their daily purchases of hundreds of cans of thick cream. They are now using a filled product, the chief ingredient of which is imported into Canada. The uses to which this imported filling can be put are practically endless. Certainly, it could be used in cheese and probably will be in the future if something is not done to assist this industry. For the past ten years there has been no problem connected with the sale of pork and cheese. Both these products were taken by the British, but not always under satisfactory conditions. It now appears as though this whole method of trading and doing business with the British would end unless there is another war. It can practically be taken for granted now that a cheese contract for 1951 based on 1950 prices will be little more than a farce.

So far as cheese and bacon are concerned the British want all we can give them, but they feel that they cannot afford to pay the prices which are necessary to secure those supplies today. A curious sidelight on this aspect is that, while the British are not willing to pay the going prices for our food or raw materials, their own charges for manufactured articles exported to Canada are very high. If you look about in the stores you will find that everything of British manufacture is expensive. No one will ever find a bargain. Occasionally that is a little hard to understand.

A short time ago an article appeared in the *Farm Journal* under this heading: "More Talk of Wanting Cheese and Bacon". The article reads in part as follows:

> There has been another article in the daily papers to the effect that the United Kingdom "wants" more cheese and bacon from Canada in 1951 than she obtained this year, and again the suggestion she was unwilling to increase the price.
>
> It is about time this sort of talk ceased and things got down to a businesslike basis.
>
> Things are in a bad enough mess in the Canadian dairy industry without this sort of talk. The best course would be for Mr. Gardiner to stop it all by telling the British that if they want cheese and bacon they should go into the open market, and pay for it as Canadians have to pay. If he wants to be generous and big hearted he can make any kind of

a "contract" he wishes, and be prepared to pay a subsidy. He should not again expect Canadian producers to foot the bill.

The article continues:

Add to the competition from foreign oils the fact that cheese and now powdered milk products are coming into this country from Australia and New Zealand, whose production costs are evidently a lot lower than here in Canada. It is being rumoured that New Zealand whole milk powder will undersell the Canadian product by six cents a pound.

Then there is the riddle of butter. Despite the inroads of margarine on the butter industry all signs point now to a shortage of domestic stocks of butter next spring. The production situation on the prairies is particularly bad, and much of the surplus comes from there.

We are likely to see imports of butter into Canada by next spring. Which means that every Canadian dairy product, except whole milk, will have competition from outside sources on a price basis. It is doubtful if such a situation ever faced the whole industry here before.

And certain new developments in the canned milk trade do not leave even the whole milk people free from the threat of a new kind of competition.

I would ask the Minister of Agriculture (Mr. Gardiner) if in 1951 we are to have a repetition of our own cheese being requisitioned at 28 cents at seaboard and the permitting of New Zealand cheese at 32 cents to 34 cents to be imported into the country in order to meet our domestic needs. The recent ruling of the Supreme Court of Canada allowing the sale of margarine was another blow to the dairy industry. Certain Canadian companies are making huge fortunes out of the manufacture of margarine. It will be recalled that in this house it was often said that if the manufacture of margarine was permitted in Canada the Canadian farmer would benefit because he would be able to produce certain crops from which oil could be produced; but we all know that there is no Canadian product that we could produce that could compete with the imported edible oils produced in many cases under conditions which we in Canada could only class as slave labour.

It was pointed out by my colleague the hon. member for Lanark (Mr. Blair) that over two million Canadians depend on the dairy industry for their livelihood. He asked a pertinent question, namely, how many Canadians were employed in the manufacture of margarine. This large number of Canadians who depend on the dairy industry for their livelihood supply a large part of the purchasing power for Canadian goods. One wonders if all this is to be swept aside; if the dairy industry, which has always been one of the basic industries of this country, is gradually to fade out; and if our butter, cheese and other dairy products are, in the future, to be made out of substitutes imported from abroad.

[Mr. White (Hastings-Peterborough).]

The minister has not yet announced any contract for cheese for 1951 or whether or not cheese will be requisitioned. At the present time it certainly appears that the production of cheese in 1951 in Ontario will reach another all-time low. Everyone knows that producing herds in Canada are at a low figure; and in the event of war it will take a long time to build up those herds. Surely it is just as much part of the program for defence to build up our food producing defences as it is to build up our military defences; for certainly, if war comes again, Canada will be expected to provide huge supplies of food products for our allies, for the armed forces and for the civilians.

I trust, Mr. Speaker, that the Minister of Agriculture, even at this late date, will see fit to recommend to his cabinet colleagues, as he did before, that something should be paid as compensation to the cheese and bacon producers of eastern Canada, and especially to those in the provinces of Ontario and Quebec, in order to compensate them in some way for the loss they suffered on the sale of their dairy products to the United Kingdom during the same period that the wheat was sold. As I pointed out before, if there was any moral obligation to pay the wheat producers, there is the same obligation to pay a like amount to the bacon and cheese producers. However, if the minister will not recommend any such payment I would ask him at some time to explain to the house how he could justify the $65 million paid when no legal obligation existed. If no payment is to be made—and frankly, I for one do not expect that any such payment will be made—the citizens of Canada can only regard the payment of $65 million to the western farmers as a well-organized raid on the federal treasury, which raid was led and engineered by the Minister of Agriculture.

Mr. F. G. Robertson (Northumberland, Ont.): Mr. Speaker, in joining in this budget debate, I wish to add my appreciation to that already expressed by previous speakers of the able and patriotic attention which the Minister of Finance (Mr. Abbott) continues to give to his exacting duties. His presentation of this budget again demonstrates that he has a wide knowledge of the economic situation in Canada and is giving us wise leadership in the financial field. I consider this budget to be a realistic one, considering the present international situation. It is not a pleasant budget, but I believe it is not an unfair one.

No one can quarrel with the minister's statement that, in the framing of this budget, he was guided by concern over two vital

matters, namely, the pursuit of peace and the control of inflation. These matters are the first concern of all of us. We are ready to make severe sacrifices in order to attain them both. His review of Canada's economic activities was constructive. He told us of our huge national production. Last year it amounted to about $18 billion. We find that there are 130,000 more people employed than there were a year ago, in spite of the unemployment situation which was so sorrowfully predicted by the members of the opposition. Our international trade is in good condition. We maintained the volume of our export trade. Our imports increased to some extent. This is a condition which we all welcome, because we are now importing more from the British empire, thereby earning for the British dollars which they greatly need. I believe that this change in the direction of our trade is a good thing for the entire British empire. I am pleased to see that we have a balanced budget, with a surplus of $203 million. Members of the opposition have objected to having a surplus; but in my humble opinion, running a government is much like running an individual business. If you are in debt, it is wise to pay off that debt. I do not consider that it is inflationary. I insist that it is anti-inflationary, as the Minister of Finance has stated it to be. The hon. member for Eglinton (Mr. Fleming), as reported at page 2107 of *Hansard*, had this to say with regard to a balanced budget:

> The minister has said he wants to balance his budget. I do not think a single member of this house will have any disagreement with that professed objective. We all wish to see this budget balanced this year; . . .

Later on he continues, on the same page:

> I submit, sir, that the first duty of a minister of finance in submitting a budget is to give the house a true estimate, and as accurate an estimate as can possibly be devised, of the expected revenues accruing from the various fields of taxation.

I submit, Mr. Speaker, that our present Minister of Finance did just that. How could anyone, one year ago, predict the great buoyancy of revenue which we experienced during 1950? Certainly the members of the opposition did not make any such prediction. Had the minister followed the advice of the members of the opposition, when they were predicting early in 1950 prolonged unemployment and a serious recession of business, he would have been forced to conclude that even higher taxes than he recommended at that time would be necessary to ensure a balanced budget.

I believe that the reduction of our national debt to the extent of nearly $2 billion over the last five years is a remarkable achievement. When we remember that the interest charges of that amount would be in the neighbourhood of $70 million, I think we have made a great contribution in giving tax relief to the people of our country.

I also believe that the government has a notable achievement in the field of economy. We have reduced our estimates on non-defence expenditures by $35 million, and this in spite of the fact that we have had increased salaries, increased wages, and the fact that we are giving to old age pensions, family allowances and the provincial governments $40 million more than last year, over which we have no control.

The members of the opposition cry extravagance. I should like to read some of their statements. The hon. member for Eglinton said at page 2109 of *Hansard* of April 17:

> Is there any extravagance? Well, sir, time alone prevents my giving in greater detail some of these examples of extravagance; but let me remind you of just one or two examples. Last year, my colleague, the hon. member for Kamloops (Mr. Fulton), put before the house the startling—yes, shocking—fact that expenditures on travelling, publicity and sundries in the estimates of that year totalled $49 million, exhibiting a startling increase year by year, as the government spending machine has demanded more and more oil. What do we find this year has been accomplished by the government in this so-called "economy drive" in relation to travelling expenses? Well, we find, sir, that the Minister of Finance reports an increase in the appropriation for travelling and removal expenses, going up from $27,786,602 in the year 1950-51 to a figure of $36,309,109 for this current fiscal year. Let me remind you, sir, that the figures last year included defence expenditures as well.

Now, Mr. Speaker, when I looked into this matter further I found that there had been an increase over last year of approximately $8,522,507; but when I checked it further I found that of this increase $8,378,108 could be charged to national defence and defence construction. That means that the shocking disclosure which the hon. member for Eglinton gave to this house shows that the government did increase the expenses of travelling to the extent of approximately $140,000; and when we look into these expenditures further we find that nearly the whole of this sum has been necessary in increased expenditure of the Royal Canadian Mounted Police, and we all know how necessary in times of threatened war an increase in the activity of the Royal Canadian Mounted Police is. There we have the startling and shocking disclosure that the hon. member for Eglinton has used to impress this house that this government did greatly increase its expenditures on travelling.

When we come to the matter of printing I know that there is an increase this year of some $775,279. Yet the increase in printing

on behalf of national defence and the Department of Defence Production is indeed greater than that amount. That shows, Mr. Speaker, how much we can depend upon the charges made by some members of the opposition.

I have this further quotation from *Hansard*. Speaking on April 17, at page 2097 of *Hansard*, the hon. member for Souris (Mr. Ross) said:

> I wish I had time to enumerate the many instances of wasteful expenditure of money that should rightfully have been saved for the taxpayers.

This comes from the hon. member who asked many more millions of dollars for the wheat farmers of Canada. I would suggest that he should talk to his deskmate because they certainly do not agree on the wheat policy.

Then we heard much of government extravagance on publicity and publications, and hon. members of the opposition singled out the Department of National Health and Welfare for this attack. I happen to be a medical man and I stand here and say that the money spent on such publications has been spent in the best interests of Canada. We know that greater and greater emphasis is being placed on preventive medicine. We believe that we can save much money and much human suffering if we can prevent disease rather than to try to cure it; and there is no better way to bring to the people of Canada the need for preventive medicine and what they can do to enjoy good health than these publications which come from the Department of National Health and Welfare.

We know that we are making progress against that dreaded disease cancer, but we know that one of our great difficulties in dealing with this matter is the ignorance and fear which exist in the minds of the people of Canada. These publications can bring a true picture to the people of Canada, and they can derive much benefit from them, and they know where they can come to seek relief from that dreaded disease. The same can be said of many other diseases. I say that the money which is being spent on these publications is being well spent.

Last year we had a very entertaining afternoon when the leader of the opposition (Mr. Drew) produced some pamphlets which he had picked up from the Post Office Department, and he made some dreadful charges that the Post Office Department was spending thousands of dollars on such publications. When we learned the whole truth from the Postmaster General (Mr. Rinfret) the next day we learned that the huge sum of $2,000 had been spent on these publications, and we learned also what a good purpose those publications were serving. There again, Mr. Speaker, we have an exposure of the lack of details in the charges which members of the opposition use to attack the government on the extravagance subject. I maintain that the best proof of the efficiency of this government in financial affairs is to be found in the fact that little or no factual criticism has been produced by opposition members. They may tell us that they have not time to go into these things, but I am sure that the rules of the house give every hon. member all the opportunity he needs to bring forth factual criticism of the expenditures of this government.

Mr. Sinclair: And the public accounts committee as well.

Mr. Robertson: Right. Let me give another example. The very able parliamentary assistant to the Minister of Finance—

Mr. Knowles: Who got his name on the record just in time.

Some hon. Members: Oh, oh.

Mr. Mutch: Nice teamwork.

Mr. Robertson: —this session answered the challenge of the leader of the opposition of this reckless expenditure of money by going over the estimates item by item and asking any hon. member of the opposition to tell him what he wished to see deleted, and I did not see any one of those hon. members getting up in his place and saying: Let us cut this out.

Coming back to the budget itself, I must say that labour is very pleased to note that union dues are to be allowed as a deduction from income tax. I attended a meeting of labour some months ago and they told me that they felt that this was an unfair tax that they were paying. I agreed with them at that time and assured them I would do what I could to have this corrected. I regret that I was not in the house because of illness when the resolution was presented asking that union dues be not subject to taxation. If I had been here I certainly would have voted in favour of such a resolution.

I regret the need of having to place in the budget a 15 per cent tax on certain household goods, particularly stoves. I realize that in imposing this tax on stoves the minister was not thinking of the revenue that would be derived therefrom but was using this as an anti-inflationary move. It is anti-inflationary because the government is trying to conserve steel for more essential purposes, but I would hope that as soon as this inflationary pressure declines the government will do away with the taxes on stoves, refrigerators and other necessary household articles.

The international situation is still of great concern to all of us. Only the good judgment and cool courage of the leaders of the free world has stopped the Korean war from becoming a full-scale war. We are indeed proud of the part which our own leaders, particularly the Prime Minister (Mr. St. Laurent) and the Secretary of State for External Affairs (Mr. Pearson), have played in this cause of peace. I am sure they have our hearty support.

We are much interested in the critical situation which has developed in the United States where it has become necessary for the President to recall that famed soldier, General MacArthur, from command in the Far East. I wish to associate myself with what the hon. member who preceded me said about General MacArthur. I believe that he is one of the outstanding leaders of the free world. I deprecate what was said in this house about General MacArthur by an hon. member not long ago. I think it reflected little credit on that hon. member or on this house.

We had the privilege of hearing General MacArthur today and I am sure that he has proved beyond any doubt that he is one of the outstanding men of this generation. I personally support the President in what he has done because I believe that as one of the bases of democratic government there should be full control over the military.

We who are completely uninformed on what is going on in the inner circles must be prepared to give our full support to the great men who are leading us today. But I think we also have the right to demand that there shall be no appeasement in this present situation.

Not long ago President Truman in a broadcast revealed that before the Korean war Moscow-trained officers instructed spies and soldiers that the plan was to liberate all Asia, crush the United States and accomplish the long awaited world revolution. The whole communist imperialism, said the President, is back of the attack on peace in the Far East. It was the Soviet union that trained and equipped the North Koreans for aggression. The Chinese communists massed forty-four well-trained and well-equipped divisions on the Korean frontier. These were the troops they threw into battle when the North Korean communists were beaten.

In view of that statement I trust it is not an idle hope to expect to be able to separate Peking from Moscow. I certainly agree with the Secretary of State for External Affairs when he said in a broadcast not long ago, I believe from Lake Success, that the free nations of the world must do everything in their power to prevent another great war. He said that if we are to have another war it was most important that we have overwhelming public support for our cause. I think that that is vital for our security and our survival.

I hope sincerely that history is not repeating itself and that in asking us to take stronger action against the enemy General MacArthur is not another Churchill crying in vain in an effort to awaken the democratic nations to their real danger. I ask our leaders to weigh that possibility and I hope that any decision they make will be governed by that. We have a right to ask of our leaders that there be no mistake in this matter because it is far too vital to permit a second chance.

I was much interested in the discussion which took place in this house last Friday with regard to the St. Lawrence waterway development. One could not help but be struck by the fact that hon. members from the maritimes of all political parties objected to the construction of the St. Lawrence waterway. One can well appreciate the worry that those members might have at feeling that the construction of such a seaway would interfere with the economic well-being of their part of the country. I cannot help but feel that their fears are unfounded. I believe that if this development goes through the whole economy of Canada will profit, and it will also be of benefit to the people of the maritimes.

I know the vast majority of the people in my riding look forward to the development of the St. Lawrence waterway. They think it will be advantageous to their part of the country to have ocean-going boats in the great lakes. They know the value they will receive from the development of electric power and they appreciate the urgency of the development of this project from a defence point of view. Therefore I feel that I can tell the house that the people in central Ontario welcome this project.

I note the railway brotherhoods have submitted a brief to the government against the development of the St. Lawrence seaway. I can understand that they are worried that the development of this project may interfere with their livelihood. But I know also that the heads of both the railroads in Canada are behind the development of the St. Lawrence waterway. I am sure that they are interested in the welfare of their own employees as well as of the railroads. If I did not believe that, I could not support the construction of this project because many of my best friends in Cobourg are members

of the railway brotherhoods and I could not recommend anything to this house that might prejudice their livelihood.

I believe that this project will mean much to the development of the ports on the great lakes. We in Cobourg look forward to the day when ocean-going ships will come direct to our town. We have one of the finest harbours on the great lakes. Contrary to what was said the other night by the hon. member for Leeds (Mr. Fulford), that there was no way of keeping these ports open in the wintertime, I can tell the house that we have no difficulty in maintaining our harbour in operation throughout the year. We in this house and in all parts of Canada are concerned about the procrastination that takes place in the United States whenever the St. Lawrence waterway development is mentioned. Whenever the matter is brought before congress powerful interests seem able to scuttle the project. In a United States paper I noticed the following:

> In Washington last week a daily program of government activities published by the United States chamber of commerce carried this eyebrow-lifting item: "Monday, April 2, hearings of the St. Lawrence seaway to continue at least ten years." It should have said "days" but at week's end many capitol hill newsmen thought the typographical error might have been more factual than funny.

I am pleased that the Canadian government has already expressed its support of this project, and I hope that in the near future we will find that the better people in the United States are able to secure ratification of it by the United States congress. I know that this development will mean much to the people of both Canada and the United States.

Very briefly I should like to urge the government to take what action lies in their power to decentralize industry. We in Canada are fortunate in having a country of such wide extent. It makes it more difficult for an enemy to wipe out our defences, and it also makes it easier for us to defend our country. I have been worried by the fact that industry seems to crowd into some of the larger centres in Canada, particularly Toronto, Windsor and Montreal. I believe that this is unwise because we do not know what fifty years from now may bring. We cannot imagine how destructive and powerful the weapons of those days may turn out to be. Therefore I think it is very bad for industry to crowd into narrow sectors. I think this is one of the ways that we might respond to the appeal of members from the maritimes. If the government can encourage industry to move to the maritimes I think that would be a good thing to do. I am pleased at the fact that the government is already placing defence projects over wide areas in Canada.

I also believe that there are many small communities in Ontario which offer wonderful sites for the construction of such projects. I am thinking particularly of course of my own county of Northumberland where we have many wonderful sites, a high standard of labour and excellent transportation facilities, in fact all that any industry would wish in order to establish a plant. Not only would it have the advantage of benefiting industry itself, but it would also mean much to the people in the smaller communities. It would make unnecessary the removal of many of our young people from the smaller centres to the large cities as is the case under the present situation.

There is one other very important matter to which I should like to direct your attention. We hear much these days of our wonderful resources, of the richness of the fields, lands and mines. We believe that we are potentially richer than even the United States. They have depleted many of their precious minerals whereas ours have as yet hardly been scratched. We know that we have even more varied resources than the United States. In spite of this, Mr. Speaker, we are wilfully wasting one of our most precious resources. I speak of water. We know that the water level in many parts of Canada is becoming very low and thereby creating a serious situation. A study of the question has been made by the select committee on conservation of the Ontario legislature. They found some very informative facts from their observations. We know that one-half of the people of Ontario are dependent upon sub-surface water.

Farmers complain that their wells are going dry. In order to secure sufficient water supplies in some areas of Ontario we find that it is necessary to dig deep wells in order to obtain water. In doing that they are robbing adjoining farm wells of necessary water. This problem is not peculiar to Ontario. The hon. member for Regina City (Mr. McCusker) spoke in the house the other night when he so ably brought to the attention of the government the need for the development of the South Saskatchewan river project. He told of how in past days this country, which should have been left for grazing, was put to other agricultural uses, and as a result people cannot live in that area today. I believe that this matter is also of concern to other parts of Canada. I have just learned today of the passing of the dear mother of the hon. member for Regina City, and I am sure that all hon. members would wish to extend to him their sincere sympathy in the loss of this dear one.

The cause of failing ground supplies of water is not hard to find. It means that we

have cleared too much land, that we have cleared swamps which should never have been cleared, and as a result these areas do not act as reservoirs for the storage of water. It is true that the drainage of some swamps has been of great agricultural benefit to the people of Ontario, but in other cases the drainage of swamps has served no useful purpose. What steps can we take to improve the situation? I believe we should have a planned program for increased reforestation. I believe that people should be taught more about this matter. I know that in the county of Northumberland wells which formerly were full of water all year now go dry in the summertime. That is true of many parts of Ontario.

Therefore we must educate our people as to what they can do to preserve the water supply in Ontario. I was pleased to see in the paper today that near Newmarket they are having discussions about how to conserve the water in the Holland river area. We can construct large reservoirs in the river valleys so that these areas will not only serve as a means of flood control but will also serve a very useful purpose so far as safeguarding our water supply is concerned. We should also construct dams on many of our smaller streams wherever that is deemed advisable. I believe the development of electricity in Ontario, and in fact in all parts of Canada, has had a bad effect on water levels. Hon. members will recall that some years ago, before the development of electricity, all our industries were situated on small streams near dams. They derived their power from the dammed-up water, and at the same time the holding back of the water served the very useful purpose of aiding our water supply. I would therefore urge the federal government, through the Department of Resources and Development, to take the lead in devising a useful program for the conservation of water wherever that is necessary. Conservation of our water supply and prevention of soil erosion are inseparable, and through a study of the water supply program much can be done to prevent soil erosion.

These are but a few of the problems confronting us in Canada today. There are many more that will require our wisdom, our confidence and our courage. But I believe that in Canada we have those resources, both material and in the quality of our people, and I have no fear for the future of this country.

Mr. J. W. Noseworthy (York South): Mr. Speaker, Liberal frontbenchers and near-frontbenchers must grow tired of hearing their praises sung continually by Liberal backbenchers, so perhaps a little honest criticism for a change might prove somewhat refreshing. I have stated in this house on previous occasions that in my opinion this is no longer a Liberal government; that this government has been persistently departing from many of the basic principles of Liberalism, and is well on the way to establishing the reputation of being one of the most reactionary governments this country has seen for many years. The budget we are discussing at this time confirms that opinion. Through the centuries one of the basic principles of Liberalism as far as taxation is concerned has been that taxes should be levied according to the ability to pay. There was a time when Liberal governments observed that principle in their budgets, but it has been completely disregarded in the measures for raising additional taxes contained in the budget now before us. There is just no regard whatever, in the application of new taxes, to the principle of taxation according to ability to pay.

In the first place the sales tax is increased by 25 per cent right across the board. The small wage earner with a family to support, who notwithstanding the explanation given by the minister must spend anywhere up to 30 per cent of his income on clothing, home furnishings, drugs and a variety of other articles coming within the scope of the sales tax, will pay exactly the same rate of tax as the millionaire. Already in this debate it has been shown that this tax will not be a mere 10 per cent on the retail price of goods but in some cases will amount to as much as 20 or 30 per cent when wholesalers, jobbers and retailers have pyramided their mark-ups. In this increase in the sales tax there is just no recognition of the principle of taxation according to ability to pay. This tax can only drive the cost of living still higher, and will bear hardest on those least able to pay.

In the second place the new levy of 15 per cent on refrigerators, stoves and washing machines will bear particularly heavily on young couples just establishing themselves in homes of their own. The young couple going out to buy their first refrigerator will pay exactly the same rate of taxation as the millionaire who goes out to buy an extra refrigerator for his cellar. Again this tax will bear most severely on those in the lower income brackets. Particularly will that be so in the many cases where the wife has to go to work in order to supplement her husband's income, because she will need these labour saving devices in order to cope with her household duties and at the same time carry a full-time job. In many thousands of homes

today the income of the husband is not sufficient to meet the high cost of living, and that income must of necessity be augmented by the wife's earnings.

In the third place the new surtax on personal income is applied right across the board on incomes of more than $1,000 for single people and $2,000 for married people. In the light of present living costs I suggest that if the minister had not disregarded the principle of taxation according to ability to pay he would have increased the exemptions, before imposing the surtax, to at least $1,500 and $3,000 for single and married people respectively. Had he wanted more taxes from this source, and had he kept ability to pay in mind, he would have increased the surtax in the higher brackets.

In contrast with the taxes I have mentioned we find the minister unduly solicitous of the welfare of corporations. In the first place the corporation tax is to be adjusted so it will not reduce the return on investment below 5 per cent. A new principle of placing a floor on returns from investments before taxation—

Mr. Sinclair: After taxes.

Mr. Noseworthy: —was introduced to safeguard corporation profits. In the second place the surtax is not to apply to corporations showing a profit of $10,000 or less. In the third place, while the sales tax is increased by 25 per cent, the surtax on corporations showing net profit of more than $10,000 is only 20 per cent. In the imposition of these new taxes the minister must have been following the injunction that "to him that hath shall be given, and from him that hath not shall be taken away, even that which he hath." The fact of the matter is that government policy as revealed in this budget shows much more concern for the welfare of corporations than for the rank and file of Canadian citizens. In this budget the voice is the voice of the St. James streets of Canada, and not the voice of the ordinary small James streets of the country.

Among other things the amendment of the official opposition regrets the failure of the government to take effective steps to deal with profiteering. Certainly the official opposition and others on this side are not the only ones in Canada who believe there is profiteering at this time which should be curbed. The most recent Gallup poll, published in the Montreal *Star* of April 14, asked this question: "Do you think there is much profiteering, that is unfair profit-making, going on in Canada now?" The vote was yes, 75 per cent, and no, 13 per cent. Among the occupational groups, business and professional men voted 65 per cent yes, and 23 per cent no. The white-collar class voted 75 per cent yes, and only 14 per cent no. Labour voted 79 per cent yes, and only 9 per cent no. Farmers voted 80 per cent yes, and 9 per cent no. The difference between those percentages and 100 per cent represents those who were undecided. The most interesting feature of this Gallup poll is that of those who would vote C.C.F., 85 per cent thought there was profiteering taking place in Canada today, and among those who would vote for the two private enterprise parties, either Liberals or Conservatives, there were 75 per cent who thought there was profiteering taking place. Whether the government believes there is profiteering or not, whether the government believes that some effective measures should be taken to curb profiteering, those of us in the opposition have a great deal of support throughout the country for the belief that there is profiteering.

Surely if the minister had any intention of dealing effectively with profiteering, he would have imposed a more steeply graded corporation tax. In fact many of us believe that a greater degree of equality of sacrifice in the defence effort would be achieved by the imposition of an excess profits tax. The present Minister of Finance speaks with considerable disdain of such a tax. He uses as his argument that such a tax leads to waste and extravagance in production. I do not believe, Mr. Speaker, that is very complimentary to industry in this country. This argument was not used by the government against the excess profits tax during the years of the last war, nor did the tax appear to impede production. During those years the industrialists of Canada gave us the greatest increase in production in our history, notwithstanding the excess profits taxes collected by the government. Let me remind the minister, who apparently had some difficulty in finding ways and means of raising an extra $300 million or $400 million, that since 1941 the government has collected the following amounts in excess profits taxes: 1941-42, $135,168,000—I am giving the figure in fairly round numbers—in 1942-43, $454,581,000; 1943-44, $468,718,000; 1944-45, $465,805,000; 1945-46, $494,196,000; 1946-47, $448,698,000; and in 1947-48, although the tax came off in December, 1947 the government collected $227,030,000. The total during those years amounted to $2,694,196,000. I notice, incidentally, that although the excess profits tax was repealed in December, 1947, the government is still collecting back debts on account of excess profits taxes. In the table given on page 64 of the appendix to *Hansard* of April 10 of this year, it is

estimated that in the fiscal year 1950-51 the government will collect another $10 million on account of excess profits taxes. For five consecutive years the government collected each year between $400 million and $500 million of excess profits taxes.

In those years the minister of finance did not speak with disdain of this tax as does the present minister. In fact, the present Minister of Finance took a very different attitude towards this tax in 1947 to that which he takes today. When in April, 1947, he was being pressed by the official opposition to repeal the excess profits tax, the minister said, as recorded at page 2558 of *Hansard* for April 29, 1947:

> If business conditions had now returned to normal and we could rely upon the forces of competition and bargaining to keep profits at normal levels, we would be justified in repealing this tax . . .

Then again, in the same paragraph:

> If business needed larger profits to encourage and enable it to provide additional employment by greater expenditures, we should repeal the tax forthwith.

Then he went on to say that neither of those conditions existed at that time. The minister then thought profits were still running at abnormally high levels. He said that businessmen were competing more in their efforts to expand their investments quickly than in getting down their costs and keeping down the prices at which they sell their products. In April, 1947, the minister said profits were abnormally high. In that year, 1947, according to a table published in the Montreal *Gazette* on April 14, 1951, one hundred companies whose fiscal years coincide with the calendar year showed net profits after all charges including taxes had been paid of $338,451,000. According to the same table, these same companies in 1950 showed net profits of $475,255,000, an increase over 1947 of 35 per cent. In other words, these same 100 companies showed 35 per cent more profit in 1950 than they showed in 1947, when the present Minister of Finance told us that profits were still abnormally high and therefore merited the continuation of the excess profits tax. If profits were abnormally high in 1947, surely they were still abnormally high in 1950. In fact, in introducing his deferred depreciation policy, the minister implied that he expected profits to remain abnormally high in 1951 and for some years thereafter.

Again, if business did not need larger profits to make capital investments in order, in turn, to provide more employment in 1947, the same thing holds true in 1951. If as the minister stated in April, 1947, business was then more concerned with making profits than in keeping down the prices of goods, surely that situation also holds true for today. Indeed, every reason the minister gave in April 1947 for retaining the excess profits tax has much greater force today than it had in 1947. Yet the government shies away from an excess profits tax and prefers instead an increased sales tax on clothing, house furnishings, et cetera, and an excise tax on stoves, refrigerators and washing machines. Instead of an excess profits tax or a more steeply-graded corporation tax, the minister prefers to levy a flat surtax on the incomes of all those whose incomes exceed $1,000 and $2,000. The budget we have before us is far from recognizing the principle of taxation according to ability to pay. In fact, this budget might well be termed a profiteers' budget.

Another feature of the budget, taken in conjunction with this government's fiscal policy, is its effect upon the home and the family. Most of us in this house recognize that the home and the family are two institutions that constitute the bulwark of our way of life. Instead of contributing to the building of home and family life this government, in my opinion, is persistently following a policy that militates against these institutions. Consider the situation of a young couple today who wish to marry, to buy or to build a home and to raise a family. What assistance or encouragement for following that laudable course is to be found in this budget or in this government's general attitude toward rising prices?

In the first place, the price of every single necessity which that couple must buy to live is today higher than ever before in our history. If those young people look around for a house, they find that the down payment has recently been "upped" by government policy until it is now beyond the capacity of the young couple to meet it. If they are fortunate enough to secure an unfurnished house or apartment for rent, the minister's new tax on stoves and refrigerators has made the purchase of those necessary articles far more difficult. If they turn to instalment buying they find that the down payment has been increased and that the time for paying the balance has been shortened. Their clothing, house furnishings, drugs and numerous other articles have increased in price by reason of the increased sales tax. Their personal income will be further reduced by a surtax.

Just how does the government expect Canadians to become home owners and to raise families under those conditions? At a time when we are spending millions of dollars on defence to protect ourselves from an enemy who would destroy our way of life, our government, by failing to check

inflation, and by making it increasingly difficult for young Canadians to marry, to acquire homes and to raise families, is undermining at home the very foundation of that way of life that we seek to save from destruction by external enemies.

There is another feature of inflation that has not yet been mentioned in this debate. In addition to the high price that every Canadian citizen must pay for the commodities he buys, every municipal taxpayer this fall will find that his tax bill is increased because of the increased cost of living and because of inflation. The municipality which I represent just last week increased its mill rate by twenty mills. That increase was rendered necessary because of the higher wages and salaries the municipality was called upon to pay to its employees and the increased costs of all the materials that the municipality had to buy in order to service it. Taxpayers and home owners all across Canada, in their municipal tax bills, are finding repercussions of inflation. Those increased taxes have to be charged up to inflation. Unfortunately, municipal governments are not in the happy position of the federal government and the Minister of Finance. From the minister's speech when he introduced his budget and when he announced his surplus of approximately $200 million, one would almost gather that the minister was not particularly disturbed about inflation. Inflation certainly makes it easier to balance budgets and to provide surpluses. I think it is readily admitted that that surplus was directly due to the increased costs, the rise in prices, and with that the rise in profits and the rise in the minister's taxes. Municipal officers are not in that happy position. When they find it necessary to increase the salaries and wages of municipal employees, when they find it necessary to pay more for the goods they buy, they have no recourse but to increase taxes on the home owner, which is one more tax making it still more difficult to maintain homes in this country.

The government's policy on inflation was apparently set forth by the Minister of Finance in his broadcast as reported in the Montreal *Gazette* of April 18. It says:

> Though rationing, price control and wage freezing were useful instruments during the last war, when almost half of our national output was devoted to war, they are not appropriate measures at the present stage when only some 10 per cent is being devoted to defence needs.

Apparently there is no relation between the rising cost of living and the need for those controls. The need for those controls is to be determined, according to government policy, strictly on the basis of the percentage of our national income that is going into national defence; regardless of the effect of rising prices on the people of this country, no measures will be taken on that ground by this government.

The minister went on to say:

> Existing controls on essential materials and the various programs we are following, designed to increase the total savings of the community, should enable us to come through.

We should certainly appreciate hearing from the minister, or from some government speaker, a more detailed account of just what these measures are which are designed to increase the total savings of the community. The only one that I can observe is the possibility of the minister having another $200 million or $300 million surplus at the end of the next fiscal year. I presume that could be considered as community savings. The higher down payments on houses, the higher taxes on stoves, refrigerators and washing machines, the surtax on income, the increased sales tax will probably force many people to buy fewer of the things that they absolutely need; but I fail to see where these measures are likely to increase, in the words of the minister, the total savings of the community.

The government's policy apparently is influenced by that of the United States. The Minister of Trade and Commerce (Mr. Howe) intimated to us the other night that we were waiting to see how these controls work out in the United States. I notice that in his broadcast the minister has a slight change in the phrasing that he used. Heretofore in this house we have been speaking of price control and wage control. I do not know that we have been particularly considering wage freezing, but the minister speaks of rationing, price control and wage freezing, which, in effect, is exactly the position in regard to controls in the United States.

In its special inflation issue of Sunday, April 1, the New York *Times* has this to say regarding controls:

> The present pattern of controls to deal with the inflationary threat is mixed—soft here, hard there. This is the picture:
>
> As to prices, the controls are on the whole soft.
>
> As to wages, the controls are on the whole hard. A general freeze was imposed on January 26.
>
> As to credit, the controls are on the whole soft.

It is quite evident that the minister, in speaking of price control and wage freezing, is adopting the principle underlying these controls in the United States, and one which the Minister of Trade and Commerce assured us the government is watching very closely before embarking upon any such policy in this country.

I would simply close, Mr. Speaker, in asking just what mandate this government

has for following the example of the United States in a matter so closely affecting the economy and the life of this country as does the cost of living? Since when did this country give any government a mandate to shun matters that were of national importance just because they were difficult? Many of the arguments that we have heard against price control from the government side of the house were simply enumerations of the difficulties that stand in the way of price control. What is true, I submit, Mr. Speaker, is that this government, secure in its overwhelming majority, secure in the fact that there is no immediate general election in the offing, can afford, or thinks it can afford, to ignore the opinion of 75 per cent of the people of this country, to ignore the demands of practically every organized group except possibly chambers of commerce, and carry on without price control. In closing I submit that were this an election year this government would not dare face the people of this country on the policy that they are pursuing at this time.

At six o'clock the house took recess.

AFTER RECESS

The house resumed at eight o'clock.

Mr. Daniel McIvor (Fort William): Mr. Speaker, I am happy to be representing the constituency of Fort William in this debate, and in doing so I must express some of the things that have been told to me during the past week or so. Before doing that I should like to pay a tribute to my comrade, friend and good fellow worker here, the hon. member for Winnipeg South Centre (Mr. Maybank). We were every-day friends and companions and he did a lot with his sane, common-sense judicial advice to keep me out of difficulties into which I had the knack of getting.

I cannot forget the first time I visited him when I came down here in 1935. You know what new members think of the House of Commons. They think that the men who come down here love money above everything else, but they soon get that knocked out of their heads. When I paid my first call on the hon. member I found him reading Dr. Smith's commentary on "The Minor Prophets". This was the lawyer from Winnipeg, the former alderman and member of the provincial legislature reading "The Minor Prophets" under the leadership of Dr. Smith.

I looked at him and I suppose I showed some surprise because he said, "What is the matter?" I said, "I am agreeably surprised but I know you will get there just the thing you need for anything in life. From Amos you will get the idea of justice and how to dispense it. From Hosea you will get the meaning of real love and the source from which it comes. From Daniel the prophet you will get the way of courage and strength to meet any lion you may meet on the way." The hon. member was independent, but he had a judicial mind. He was kind and courteous and, like myself, enjoyed a good clean joke. I never heard a joke from him that I could not repeat to my grandchildren.

Coming to the budget, may I say that I think that it is a great budget. Like many great things, there are things in it that need to be improved. That shows it is a budget of growth. Some people in Fort William during the past weeks have objected to every tax there is. Nobody likes to pay taxes. I do not like to pay taxes. The only way I like to pay them is when I can pay them without knowing, but I do not like it when I have to hand out ready cash because it is difficult to hold on to cash.

I have five letters objecting vigorously to those hidden taxes and to the idea that the British North America Act be amended to allow the provinces to impose a three per cent retail tax. These letters are all from Fort William and I shall give the names of the writers because I do not think they have any business writing me unless they want to back up what they say and let their names appear on *Hansard*. These men are all businessmen and they say that the small businessman will be put out of business. One letter is from a man who has lost both legs. He is well known in Fort William and he says that he cannot carry on. I have letters from Gerry Hardware, Strachan Jewelry store, Mahon Electric and Clemens grocery. These are all outstanding businessmen and they object vigorously to these taxes. I hope it is not too late for the Minister of Finance (Mr. Abbott) to change his mind.

Another matter to which there is objection is the change in the postal procedure in order to save money. I do not think the postage on books should be increased. Our public library sends books out to people in the country who are not able to enjoy the modern conveniences we have. Some of these people have battery radios which have the knack of running down, but when they get one or half a dozen books from the library it is a great treat to them. I think the government would be well advised to go back to the former rate and allow these people out in the country to enjoy their reading.

I must say that I do not have one objection to the taxes on cigarettes and tobacco. The

hon. member for Fraser Valley (Mr. Cruickshank) objected, not to the tax on cigarettes but to there being no tax on liquor. Another man writes to me and says that the post office should attempt to increase their revenues in some other manner. I suggest to the minister that he limit our franking privileges to letters only, and not have it cover the magazines we send out. If we had to pay for the magazines we send out we would be more careful what we sent. I do not know how many hon. members will agree with me on that. If we say that the revenue should be raised then let us impose the taxes some other place because we are told in the budget that the Minister of Finance has to raise certain taxes. Where is he going to get them? The budget is his plan to raise them, and if some of these taxes are to be cancelled let us put others in their place. Another man said to me: Reduce the tax on utilities of the home and impose an extra tax on beer and liquor.

An hon. Member: Hear, hear.

Mr. McIvor: The hon. member for Fraser Valley (Mr. Cruickshank) agrees with that. I noticed when the Minister of Finance announced that there would be no tax on liquor a groan went up all across that side of the house and from some on this side. Why not tax liquor if you are taxing everything else? If the people of Canada could spend $633 million on liquor in 1949, and more in 1950, if the people of Canada could spend $300 million on cigarettes, then the people who are doing these things can afford to pay taxes. I must say that I am not objecting to the tax on cigarettes because when a man buys a cigarette it goes up in smoke anyway.

Mr. Stick: You do not pay it anyway.

Mr. McIvor: Therefore I think it was a very wise tax. During the past few months I have noticed in our cafeteria, which is the hub of the House of Commons, that some people are cutting down on their cigarettes because they are beginning to see the harm they do.

I should like to congratulate the Minister of National Health and Welfare on the way he is pushing forward old age pensions. I think I am right in saying, and if not I will say it anyway because I think if it is not so it ought to be, that the old age pension should be given as of right at age seventy with no means test, and from sixty-five to sixty-nine to those who need it. I think that is a splendid step in the right direction but we want to make sure of it because there are those who need it.

An hon. Member: They will be dead before they get it.

[Mr. McIvor.]

Mr. McIvor: Before any increase is made in the amount of $40 a month paid to old age pensioners I would say that every cripple in Canada, every man who has to use a wheel chair and is not able to get around, should be paid $40 a month. Of course, Mr. Speaker, a little drink does not hurt. I have been interested in athletics all my life and still am, but there are certain things in the athletic world that give me some concern. I was told by a lawyer from Port Arthur that one of the greatest combines we have in Canada is the national hockey league. Boys of sixteen years of age are infatuated with hockey. They play a good game, have plenty of speed and can find the goal. A scout comes along and such a boy signs something. Afterwards he may want to change his mind. Perhaps his dad has talked to him, the man who is coaching him, or his mother has had something to say about it. Nevertheless the big magnate says to him: You will play for us or you will not play at all. To my mind that is one of the worst combines in Canada, and I support what this lawyer said.

I am a bit concerned about our game of hockey. If it continues to be so destructive to our good athletes by way of injuries, I am afraid that our national game of hockey is going to go the way of our national game of lacrosse.

Mr. Graydon: I rise on a question of privilege. The game of lacrosse is not dead. It is flourishing in our part of the country as it has never flourished before.

Mr. McIvor: Of course, Mr. Speaker, my hearing is not good, but the hon. member for Peel (Mr. Graydon) has a good deal of common sense although I do not think he has any more experience than I have, and I am talking from that source now. What I should like to say now, and the hon. member for Peel will support me in this, is that members of the House of Commons are often allowed to go on trips. They are invited to banquets, and somebody comes back into the house and thanks the sponsor of the trip. I think it is most commendable, and the more trips of that kind we have the more we will know our country. However, I should like to say to members of the house: Give our page boys a trip after the session is over. If you will give me permission, Mr. Speaker, I will be glad to collect a dollar apiece from the members to give the page boys a real holiday. I do not see anybody clapping.

Mr. Graydon: It is not enough.

Mr. McIvor: The way we can help our tax situation and the Minister of Finance is by the development of our natural resources. I have noticed that nickel is now being rationed. In our district we have perhaps

one of the greatest sources of nickel in Canada. The International Nickel Company bought up all the claims that looked good but that is all that happened. We think that the International Nickel Company should develop those claims and produce more nickel. In the Shebandowan area we have many claims with high assays of gold and silver. Now the people from south of the line are asking us to send them samples of iron. The only difficulty is that it has a little bit too much silica but when they get the machinery ready that can separate the silica from the iron we are going to have a real industry in that district. It is one of the finest districts in Canada and runs all the way from Shebandowan up to Steep Rock.

I know that the budget will be hard on those who like to spend their own money. An increase of 20 per cent in income tax is pretty heavy but, as I said before, we have asked our minister to raise these taxes, and I think that is one of the most popular sources from which to get the money. We must raise these taxes. The other reason that we have for supporting the budget is that there may be something in it that will help to stop inflation.

I should like to say a word about Korea. It is dangerous for an Irishman to take sides but I should like to pay my tribute to President Truman for his courage. He was in a terrible corner, showed his courage, and I admire him for it. I also admire General MacArthur as an outstanding soldier and perhaps a part statesman.

Mr. Graydon: Go on, give him a clap.

Mr. McIvor: I have just received a note and it indicates to me the greatness of this House of Commons. It says that the Maple Leafs are going to win the Stanley cup. I did not know there were such outstanding prophets in this house. They may be wrong this time. Both President Truman and General MacArthur are outstanding citizens. I think the best thing for us to do is to let them fight their own battles. I think you will find before the battle is over these two men will come together. Just as one hon. member said today, we do not stand for any appeasement. I think of some of the letters I have received during the last three weeks from communist people who say they want peace. I have answered each of those letters, and have said they should put at the top of their program the abolition of the iron curtain. They should let the workers of Russia see what is going on in the outside world, as they cannot see now, and let the workers outside see what is going on in Russia; then there will be more chance of their coming together. But I repeat that I am not a bit afraid of Russia or China, because sooner or later any country that treats God as a myth will go to the bow-wows.

I want to mention just two other matters. In Fort William we have difficulties in connection with floods. For certain reasons the river there is flooding more extensively every year. I must pay my tribute to the deputy minister of public works, whom I interviewed today; and I was pretty stiff about it. He gave me every encouragement that the dominion government would do the fair thing by the province and the city. I did not bother the Minister of Public Works (Mr. Fournier), but I am sure he will be even more generous.

Fort William has been very pleased with the Minister of Transport (Mr. Chevrier). During the past summer he said that if the St. Lawrence waterway was not developed in co-operation with the United States, Canada would go ahead and do it herself. That might be a splendid stimulant to wake up the people of the United States. I think it would be a great thing for the world if this development could be accomplished, and I can assure the minister he will get every co-operation from us.

I should like to speak for an hour, Mr. Speaker, but I know it is not the men who speak longest who say the most. As a boy I chose Canada as the land of my adoption, and I have never been sorry. It is the greatest country on earth. We could boast about the things we have. We have the greatest wheat fields on earth, the longest railway in the world, the best machinery for handling wheat. We also have the best young men and maidens the world knows, as they have proved in the past. When we think of Canada there is music in the name. We feel like the Irishman who said the real patriot was the man who was loyal to his native land, whether or not he was born there. We are loyal to Canada because we believe it is the land of the free, a place where we can grow and develop and train our children according to the way we have been led. We will lead them Godward, and Canada toward the eternal kingdom.

Mr. G. R. Pearkes (Nanaimo): It is always a pleasure to listen to the remarks of the hon. member for Fort William (Mr. McIvor). He says many things with which invariably I can agree. Like the hon. member I do not smoke cigarettes, but unlike him I do enjoy my little toddy. It was with a little disappointment I noticed that when the hon. member was passing around his numerous bouquets, and particularly when he was referring to the great game of hockey, he

overlooked the fact that there is a team from a little town called Nanaimo, where the most westerly of all hockey rinks in Canada is located. The team travelled all the way from the other side of British Columbia to northwestern Ontario to play Fort Frances in the Allan cup playdowns; and the series is tied at one game each. I know Fort Frances is not in my hon. friend's constituency, but it is very close to it; and I was a little disappointed that he did not hand a bouquet to that hockey team from far off. However, I must say that the Fort Frances team played an exceedingly good game and the Nanaimo team learned much from them.

I feel that many advantages arise from the fact that we have an Easter recess which enables hon. members to visit their constituencies and obtain the opinions of their people in regard to what is being done in this parliament. I believe the advantage is greater the further the constituency is from this capital city. I took advantage of the recess to visit my constituency on Vancouver island, and in moving around among the people I found their interest was focused on the then and still rising cost of living and the inflationary trends prevalent in British Columbia. When the budget was brought down I think the first reaction was that the increased taxation was not as heavy as had been expected. There was a general feeling that taxes would be much heavier than appeared to be the case on a first reading of the budget. But the more one studied the budget resolutions the more one felt a haunting fear that the steps being taken by the Minister of Finance (Mr. Abbott) would not achieve the result for which the people on the back concessions were hoping, namely that these inflationary trends would be halted and the cost of living brought down. Of course it is still too early to say positively that the budget will not have that result. The minister has told us that this is his intention, and I am sure the people hope his intentions will be fulfilled.

The people of British Columbia were expecting some form of controls on various commodities. Few would have wanted the full, burdensome and detailed control system administered by the wartime prices and trade board during the war, but all expected some more flexible and perhaps more temporary plans which would have relieved the hardships being experienced by those living on fixed incomes. On Vancouver island there are a large number of retired people. A very high percentage, as compared with other parts of this dominion, are people who have moved to the more temperate climate of British Columbia, there to spend their declining years. It is by these people that the increased cost of living is felt most severely. There is anxiety on the part of thousands of people living on small fixed incomes as to their future financial position. They see hardships and privations facing them. That applies to people who have worked hard on the prairies during the days of great expansion when our far west was being developed; people who have, through their thrift, been able to accumulate a small amount of capital, the interest from which they hoped would keep them in some degree of comfort in their later years. It also applies to those who have seen service in the great companies of this country, in the civil service and in the armed forces, people who are living on pensions.

There is little indication that the pension is going to be increased for any of these people. There is every indication that their pension dollar does not go as far as it did ten years ago. It is quite obvious that, with the increased cost of living, these people are going to experience grave anxiety about making both ends meet.

This evening, I should like to call attention to one particular class of pensioners, and that is the people who derive their pension or income from sources outside of Canada, mainly from sources in the United Kingdom. There are many imperial pensioners, if I may call them that, living on Vancouver island. Their position has been gravely aggravated by the devaluation of sterling. I know that the imperial pensions are not subject to Canadian tax. The British government deducts income tax from the pensions and other sterling income. The British government bases that assessment on the inclusion of the dollar income which is converted into a sterling equivalent at the devalued rate for that purpose, and thereby assumes an exaggerated value as regards its purchasing power. The pound has gone down in value. If a British pensioner comes out here and works at some job or in casual employment, then the amount of money he earns in Canada is added to his total income so the income tax on his British pension is assessed higher.

The effect of devaluation has been, of course, to increase the amount of any such dollar income in terms of sterling, and thus to increase the liability of the pensioner to the United Kingdom income tax authorities. One might say he gets it in the neck both ways. He has to pay more taxes and the dollar value has gone down. This does not apply in all dominions, and one wonders whether it could not be arranged for the

pensioner to have the option of paying either the British or Canadian taxes. If he could pay the Canadian tax, he would then share in the obligations as well as the privileges of Canadian citizenship. The man who has immigrated to this country wishes to assume full Canadian citizenship. He expects to pay for the advantages of that full Canadian citizenship. He does not want to be classed as a second-class Canadian. Surely, if he is to receive full Canadian citizenship, then he should expect, and he does expect, to pay taxes in the country in which he lives. As it is, he is now forced to pay on his British income the taxes placed by the United Kingdom government.

We should bear in mind that in the United Kingdom the taxpayer is paying for what is frequently described as a welfare state. The advantages which are offered through that welfare state, social service advantages, are not available to the British pensioner in Canada. He has to pay for this welfare state, but he does not have the benefits of it. Furthermore, he is disfranchised. He has no vote so far as the United Kingdom is concerned. So far as disability pensions are concerned, those paid by the British government are not comparable to the pensions which are paid by the Canadian government. I am not suggesting at the moment that disability pensions are taxed by the British government. Of course, they are not, but it does illustrate the difficulties under which British pensioners are living in this country. I call attention to the fact that the British pension was progressively reduced from 1919 until 1935, when it was stabilized somewhere about 9½ per cent lower than the 1919 figure. An increase has been granted to the pensioners by the Pensions Increase Act of 1947, but that is on a sliding scale in accordance with his total income.

An imperial pensioner living in Great Britain would receive the advantages which accrue from a £400 million grant in the way of food subsidies made by the British government, and of a £300 million grant which is made to health services. United Kingdom pensioners living in Canada are forced, by the present agreement, to make their contribution to these social service schemes, yet they are debarred from taking advantage of them. Now, when they are living in Canada they will be expected to contribute through this sales tax, and rightly so, towards Canadian social services. I appreciate that very little can be done. Perhaps it is a matter of some delicacy because the United Kingdom naturally pays the pensions. But I do think it is a matter of negotiation between the Canadian government and the British government. It is no help to say that the British pensioner who has moved to Canada can return to Great Britain if he so desires. He does not want to do that. He has connections here, and mind you, many of these British pensioners are men who were born in this country. They are Canadians in every sense of the word; but they saw their opportunity and perhaps they felt it their duty to serve in the imperial forces or to take some job in the colonial service of the United Kingdom. They have no desire to return. They are anxious to live as good Canadian citizens, and to bring their children up in this country to be Canadians in every sense of the word. Not only because it is going to affect their pocketbooks to their advantage but for these other reasons they would appreciate having the responsibility of paying taxes in the country in which they live.

Imperial pensioners who are residing in New Zealand and Australia are given the option whether they have their pension deductions made at the source, namely, through the United Kingdom government, or by the New Zealand or Australian government. Those who reside in Canada do not have that opportunity. This arrangement was made by a tax convention between the United Kingdom and Canada which I believe was signed on June 5, 1946. After having raised this point a year ago, I understand that there have been some discussions between the two governments to see whether this matter might not be adjusted. I therefore repeat my request of a year ago that these discussions be continued and that Canadian citizens living in this country be given this consideration. Though they may have spent their working years in the service of the commonwealth—or perhaps in those days when they started their service, that organization was known as the British empire—they were rendering service that they thought was helping this dominion as much as it was helping any other dominion or the so-called mother country. But now, having taken Canada as their home, they have adopted Canada for their families and they feel that they should be privileged to pay the taxes which will gain for them the social advantages of living in this country and which they as Canadian citizens feel it is their responsibility to pay. They have severed connections with the old country and therefore, through me, they ask that these negotiations be reopened to see whether it will not be possible to enable the tax agreement to be amended to meet their wishes.

Mr. J. H. Blackmore (Lethbridge): Mr. Speaker, Canadians from ocean to ocean

desire of this parliament in the present session three main achievements: first, the greatest measure of strength for combating communism; second, the reduction of the high cost of living; third, as great an increase as possible of Canadian income.

The budget speech and the financial policy behind that speech deny Canadians all three of these desires. They deny the freedom to marshal their total fighting strength against communism abroad and at home. They deny the lower cost of living that everyone feels that he is entitled to. They deny the higher rate of income to which everyone also feels fully entitled.

There have been volumes of criticism all over the country, inside and outside of parliament, but no one has taken time out to tell the minister where he could have obtained the money without the burdensome taxes about which they complain; or whether or not, if he had chosen any other means whereby to obtain the money, those means would have resulted in less onerous imposts. That is the first important thing that I believe everyone in this house ought to bear in mind when facing the situation.

It is easy enough to find fault. It is a different thing entirely to tell what to do. The hon. member for Greenwood (Mr. Macdonnell), as reported at page 2044 of *Hansard*, said:

> . . . and so we grope along in the dark.

Then later on, on the same page, he said:

> We will need capacity, resourcefulness, patience and forbearance.

I heartily agree with the hon. member.

Two passages which the hon. member for Greenwood quoted are, I believe, worthy of placing on *Hansard* again. They are from the speech made by the Minister of Trade and Commerce (Mr. Howe) as reported at page 1762 of *Hansard* of April 9, and are as follows:

> I am sure that we can get along quite comfortably as consumers and still engage in a substantial defence effort . . .
>
> Unless all-out war comes, Canadians can continue to live well.

Those two statements by the Minister of Trade and Commerce indicate to me rather distinctly that there is no reason for drawing off purchasing power from the Canadian people in order to prevent inflation. In other words, there are plenty of goods in this country to justify everybody in having as full an income as he had before this budget speech. Consequently one of the major reasons which have been advanced for the budget changes, as advocated, is swept away at one fell swoop. I shall have more to say about that matter at a later time.

[Mr. Blackmore.]

But the more one reads and hears of remarks in parliament and out concerning this budget, the more he appreciates the force of the gloomy remark of the hon. member for Greenwood: ". . . and so we grope along in the dark."

May I suggest that some help in groping our way along in the dark might be found through a careful study of the Canadian financial system? To me, Mr. Speaker, it is one of the marvels of our time that people are prepared to seek for the cause of their difficulties in anything except in the financial system. Somehow or other they seem to think that the financial system under which Canada and the United States endeavour to carry on must have been divinely inspired from Heaven or have obtained untouchable sanctity from some other source. I have never been able to persuade myself to share such views as that. May I suggest that Canadians study their financial system above all other things at the present time, and that probably they will find in a study of that financial system the only possible way out left for us in these trying times that surround us.

There are, I believe, four aspects of the financial system which will repay careful study: First, the feasibility of changing the financial system. This we can appraise by learning the answer to the following questions: What is sound money? Where does money originate? How much money could Canada have in circulation without having that money cause inflation? How could the Canadian financial system be changed so as to circulate that amount of money without having that amount cause inflation? What is inflation, its nature, its cause, its cure, its prevention? How could our financial system be changed from a system of scarcity, such as the budget shows it now to be, to a system of abundance, and yet be completely subject to democratic control in spite of that change?

The second phase of consideration which will merit study will be this. Do Canadians inside and outside parliament appreciate the importance of a nation's financial system in making or marring their well-being? I doubt very much that they do.

The third main consideration would be this: What essentially is the nature of the present Canadian financial system? What makes it up? To what extent do Canadians employ debts as money, and is Canada's a debt-creating financial system? If so, what makes it such? And would it be possible and beneficial to change a debt-creating financial

system into a non-debt-creating financial system? Has this Canadian parliament the power so to change our financial system?

The fourth field of investigation might be suggested by these questions: What would be the general object of changing our financial system from a debt-creating system to a non-debt-creating system? Would such object not be to provide parliament more adequate control over the issue of currency and credit in Canada, and what should comprise genuinely adequate control of currency and credit in Canada?

In a desire to help Canadians along with the Canadian Department of Finance to make a logical study of their present financial system, I should like to submit for the attention of the Minister of Finance (Mr. Abbott) a series of questions as to the feasibility of changing our present system. What, in the minister's opinion, constitutes sound money? Is it money backed by gold? If so, what percentage of gold is essential, and why? What percentage of gold was actually on April 1, 1951, behind the Canadian dollar? What percentage of gold was actually behind the Canadian dollar on April 1, 1944?

Is sound money, money which is backed by approved securities? If so, where must the securities be deposited? Must sound money be money that goes into circulation as a debt? Must money be scarce in order to be sound? If so, then scarce in respect of what? And if so, how scarce? And by what criterion can the necessary degree of scarcity be measured or estimated?

Must money be hard to get in order to be sound? If so, then hard to get for whom? If so, then hard in respect of what: low wages? low prices? unemployment? shortage of markets, or overproduction? lack of suitable securities in the hands of would-be borrowers? restriction on bankers' lending through policies imposed upon the banks? high interest rates? Are these the things which are requisite in order to have money to be known as sound?

Must money, in order to be genuinely sound, possess a stable purchasing power through the year and from year to year? If so, then by what means can such stable purchasing power be maintained?

Could money be genuinely sound if it were merely part of a managed currency backed by the going concern producing and consuming activities of the country, and supported by an abundance of production and by a stable price structure?

Was money issued by the Canadian government under the Finance Act of 1914 sound? If not, why not? If so, why so? Was money issued by the Canadian government under the Finance Act of 1923 sound? If not, why not? If so, why so? Would a $5 gold piece issued by the Canadian mint in 1930 have been sound? If so, why so? If not, why not? Was the 25-cent piece issued by the Canadian mint in 1946 sound? If so, why? If not, why not?

Would that 25-cent piece have been sound if it had been spent into circulation directly as a part of an old age pension paid to John Doe? If so, why? If not, why not?

If the ordinary person in Canada and in this house learns how to answer these questions, Mr. Speaker, we shall not have a whole lot of silly remarks such as emanated from various uninformed quarters when the hon. member for Peace River (Mr. Low) the other night held up the Canadian one-dollar bill. I submit that unless hon. members can answer these questions with accuracy they had better learn how to do so, because they certainly are not in a position to judge of the value, or of the possibilities, of the financial system of Canada or of any other country. If it should be found that the very life and existence of this nation and of the British commonwealth depends on our being able to get the facts about finance, the seriousness of what I am saying will be borne in upon all.

As to the creation or origin of money, I find that when I start talking to a great many people they seem to think that money descends from heaven, grows on trees, or something of that sort. I ask the following questions: Is it correct to say that banks create money to lend (a) as currency or pocketbook money; (b) as credit or cheque book money?

Did the Canadian Department of Finance, before the Bank of Canada was founded, create at any time money to lend as (a) currency; (b) coinage?

Did the Canadian government ever create money to spend into circulation as debt-free money? If so, was such money sound? If not, why not?

Has the minister ever discussed with the officials of his department the advisability of changing his financial system from a debt-creating system to a non-debt-creating system? If he has not already done so, will the minister take steps to bring on such a discussion at as early a date as possible, looking: First to the establishment of the advisability of changing his financial system from a debt-creating system to a non-debt-creating system?

Second, the discovery of the means whereby such changes might be effected?

Third, the effecting of such change as rapidly as may be possible, having in mind the peace, order and good government of Canada?

Will the minister give careful consideration to the advisability of setting up a Canadian currency and credit commission and of charging it with the responsibility: First, of setting up a national account book; second, of issuing debt-free or interest-free money, whether currency or credit or both, and providing for its use in such amounts and in such ways as will in the most effective manner stimulate Canadian production and consumption to the optimum, consonant with Canada's resources, material and human, and thereby providing for a steady and rapid growth of general prosperity and strength in Canada?

We come now to the matter of inflation, its nature, cause, cure and prevention. If the minister is told by some person that the creation, issue and use of debt-free money by the government will mean or cause inflation, would the minister point out to that person:

1. That the word inflation in respect of money matters is used with three main meanings. First, any increase in the amount of money in circulation; second, any undue increase in such amount of money; third, any increase in the amount or ratio of money in circulation which causes or is accompanied by rise of prices; and that lately inflation has come to mean any increase of the price level regardless of the factor or factors causing that rise?

2. That the creation, issue and use of presently employed debt-money will mean or can cause inflation in accordance with all four meanings of the word inflation, just as definitely as ever could the creation, issue and use of debt-free money?

3. That as regards their inflationary or non-inflationary effect upon an economy, the main essential difference between debt-money and debt-free money would arise from the fact: First, that debt-money theoretically would necessarily have to be withdrawn from circulation and cancelled out of existence upon repayment of the loan or debt, the taking of or the contraction of which brought such debt-money into existence? And that this fact, making the money in circulation depend upon the whims of hundreds of bankers and other lenders in the matter of granting or refusing to grant loans, and upon the whims of tens of thousands of borrowers in the matter of borrowing or failing to borrow, renders government control of the amount of debt-money in circulation an almost impossible task?

Second, while debt-free money would not necessarily have to be withdrawn from circulation because it was not brought into existence through a loan or debt, yet such debt-free money in so far as withdrawal of it would be desirable, would be naturally withdrawn by offsetting, counteracting or cancelling out the debts, resulting from such factors as interest, profit, savings, taxation, alternating depressions and booms, alternating periods of bankers' willingness and unwillingness to lend money, fluctuations of price and other fluctuations, etc. or could be withdrawn at will by appropriate taxation?

And that this fact, making the amount of money in circulation depend not entirely upon whims of lenders or borrowers but in considerable measure upon the spending policy of the currency and credit commission acting from only one motive, namely, the maintenance of Canadian prosperity, renders government control of the amount of debt-free and debt-money in circulation a much more manageable task?

4. Will he tell the person speaking that the inflation men fear, therefore, is not an inflation arising necessarily from increase in the quantity of money, but is a rise in price due to any factor or factors?

5. That in case of increase of either debt or debt-free money in circulation unless there is a rise in price, there is no real inflation and can be no real inflation?

6. That the rise of price called inflation is primarily the result of having too few goods and services available in markets to match the purchasing power in the hands of would-be buyers of such goods?

7. That therefore if goods are scarce enough, prices will rise whether or not money either debt money or debt-free money is plentiful in the hands of would-be buyers?

8. That if goods are adequate enough, prices need not rise, whether or not money is plentiful in the hands of would-be buyers?

9. That the safeguards against inflation, therefore, are, first, abundant production of the widest variety of goods within the nation concerned; second, maintenance of price regulation by inducement through employment of subsidies to producers and consumers aiming at a price structure fair and stable; third, measures to ensure equitable distribution during temporary shortage of any commodity or commodities; fourth, sufficient import of goods to make up for any deficiency of goods resulting from exports?

And if the minister is told by some person that the new government-created money would fall into the hands of the chartered banks and might be used by them as reserves

upon which to make loans ten times greater in amount than the total of that new money in their possession, thereby causing a boom and an inflation, will the minister point out to that person:

First, that if the Bank of Canada really possesses the power to control Canada's currency and credit, which that bank is believed to have, then the Bank of Canada will be able to restrain excessive loaning tendencies on the part of chartered banks? Second, that if necessary, for the sake of controlling their credit expansion activities, the chartered banks' cash reserve requirements can be increased to whatever percentage of loans may be found necessary; even to 100 per cent?

Third, that if need arose, it ought to be logical to put a ceiling upon the amount of credit to be issued by chartered banks at any given time, and so to prevent them from expanding credit beyond the safety limit?

Fourth, that if bankers choose to disregard government policy in spite of the moderate measures referred to as first, second and third then the government could consider the acquisition itself of the chartered banks? But that this would never be necessary provided bankers fittingly recognized their vital responsibilities to their country, appreciating appropriately their position as essential parts of the productive mechanism of the nation's economy?

Fifth, that if production in sufficient abundance be brought about and maintained, cause for fear of inflationary rise of prices of goods will be greatly diminished?

Sixth, that if, in addition to maintaining abundant supply of goods, the government continue to employ a system of discounts and subsidies of prices to maintain just prices for both producers and consumers, then cause for fear of inflationary rise in prices will be reduced to an almost negligible minimum?

Finally, seventh, if any commodity found to be in short supply be distributed equitably as long as it continues to be scarce, then cause of inflationary rise of prices will be practically eliminated?

As to the means of democratic control of debt-free money: If the minister is told by some person that if the government were to begin to create and spend debt-free money then the government would become fascist because it would have money independently of loaning agencies and independently of parliament, that with such money the government would be able to keep itself in power indefinitely—if this sort of reasoning be used with the minister, will the minister point out to that person:

1. That the currency and credit commission would be required to submit at the end of each accounting period not less frequently than once every three months a most exactingly detailed and comprehensive report to parliament through the Minister of Finance showing:

(a) the actual capacity of the nation's means of production during each of the months of the year being reported, specifying the percentage of capital goods and the percentage of consumers' goods;

(b) the percentage of that capacity being actually used in each of those months;

(c) the amount of the production of each month being purchased and consumed with the money in circulation;

(d) the amount of money in circulation going into the hands of the consumers throughout the nation each month;

(e) the estimated actual physical demand for each kind of goods being sent into the markets throughout the nation;

(f) the effective demand for each kind of goods being sent into the markets;

(g) the actual amount of each kind of goods not being consumed for the apparent lack of consumers' money with which to buy;

(h) the consequent estimated amount of new state-created debt-free money that would be required at the end of each accounting period to be voted by parliament, issued by the state and put into consumers' hands, whether through dividends to all or through price subsidies, wage bonuses, pensions, grants and other sound economic measures as may be deemed best to enable the consumers of Canada to consume the optimum amount of the production of Canada, or goods received by Canada through external trade therewith;

(i) the exact amount of state-created, debt-free money issued by the state and so spent into circulation, together with a detailed breakdown showing the amounts spent into circulation through each of the sound economic measures referred to in the next preceding clause?

2. That because of the detailed reports mentioned in (1), parliament will be able to have under effective supervision the creation, issue and use of every dollar of state-created, debt-free money?

3. That the estimated amount of state-created, debt-free money likely to be made available for the nation's use in the following year would be printed in the estimates each year, together with the amount of such money

rendered available during the current year and the year previous, as well as the use to which it will be, or has been, put?

4. That the Minister of Finance would be required in debate on the estimates to be ready to justify every item of government procedure in respect of the state-created, debt-free money issued and employed?

Now, Mr. Speaker, I submit that members of this house and the people of the country generally should learn to answer exactly each of these questions submitted. I have had to read them rapidly but if they go into the details, as members will be able to in *Hansard*, they can answer each and every one of them. We will have an end to all the nonsensical talk in this country about money. There will not be a whole lot of silly talking about Social Credit. There will be a whole lot more light thrown into the darkness in which the hon. member for Greenwood (Mr. Macdonnell) gropes.

Now we come to the importance of a financial system and the need of change. In the minister's opinion does the Canadian economy exist for the Canadian financial system, or does the Canadian financial system exist for the Canadian economy?

An hon. Member: Answer that.

Mr. Blackmore: Again, what ought the Canadian financial system to accomplish for the Canadian economy? (1) Is it to enable and stimulate production of goods? (2) Is it to enable and stimulate the consumption of goods? (3) Is it to enable and stimulate the liquidation of debt by payment in full?

If it be found that production of goods in Canada be less than the optimum—as it is now—considering physical resources, might Canadians be justified in looking for the fault into their financial system?

Again, if it be found that consumption of goods in Canada be less than the optimum—as it is now—considering physical resources, might Canadians be justified in looking for the fault into their financial system?

The question should be asked: Is the Canadian financial system measuring up? Is it worthy of all the worship which our Conservative and Liberal friends so abjectly render to it? Let me ask this question. In the main over the past twenty years has the Canadian financial system brought about optimum production of goods and services in Canada? If not, what would the minister suggest as the causes for the failure? Again, in the main over the past twenty years has the Canadian financial system brought about optimum consumption of goods and services in Canada? If not, what would the minister suggest as the causes for the failure?

An hon. Member: Answer that.

Mr. Blackmore: Do not urge an answer just now. It will require a lot of thinking before any minister will dare to attempt to answer these questions. We now come to the third of my considerations, the nature of the present Canadian financial system. What does the minister believe to be the fundamental principles upon which the present Canadian financial system is based? Would these be:

(1) That all money must be issued as a debt? What are the exceptions, if any?

(2) That all money must be distributed through industry as wages, salaries, dividends, et cetera, in other words, through jobs?

(3) That no one has a right to money unless he earns it, or it has been earned through producing goods or services?

(4) That competitive foreign trade is a fundamental essential mechanism for the distribution of purchasing power or money into people's hands?

(5) That competitive foreign trade is the fundamental and essential mechanism for the distribution of goods as between nations of high productive potential, the so-called "have-nations," and nations of low productive potential, the so-called "have-not nations"?

What other fundamental principles, if any, underlie the present Canadian financial system? In other words, the purpose of the questions is to seek to find out what we mean by the Canadian financial system, and I find there are very few people inside parliament or out who can answer that question or have the slightest idea what the answer is, but they know all about Social Credit. They can tell all the flaws of Social Credit right off but they do not know anything about their own system.

Now I come to the question of whether Canada's is a debt-creating financial system. Assuming that under the present financial system all money issues as debt and is regarded as debt, would it be correct to say that Canada's system is essentially a debt-creating system? Again, what elements in the present Canadian financial system combine to make that system a debt-creating system? Again, would several of such elements be: (1) use of only debt money? (2) interest? (3) profit? (4) savings and investments including purchase of insurance, life insurance and the like? (5) taxation? (6) alternating booms and depressions? (7) alternating periods of bankers' willingness to lend money and unwillingness to lend money? (8) fluctuations of prices?

(9) fluctuations of wages? (10) fluctuations of markets? (11) fluctuations in unemployment?

Could our financial system be changed? Does the minister believe that there are any valid and unavoidable reasons why Canada's financial system must continue to be a debt-creating system, that is, a financial system of scarcity? Does the minister believe that in Canada, or in any similar individual enterprise country such as the United States, there absolutely could not be a non-debt-creating financial system or at least a debt-liquidating financial system, that is, a financial system of abundance? Can the minister suggest any valid reason why it should not be conceivable to modify the Canadian financial system in such a way as to change it into a non-debt-creating or at least an automatically debt-liquidating system, that is, a system of abundance? If so, then what are the valid reasons?

Would the minister be willing to consider objectively and scientifically the possibility of discovering the means of bringing about such a desirable change from a scarcity system to an abundance system? If not, why not? Would the minister be willing to employ such means when discovered? If not, why not? If the Canadian government through the finance department were to discover the means of changing the Canadian financial system from a debt-creating system to a non-debt-creating system, that is, from a system of scarcity to a system of abundance, and if the Canadian government were to become convinced that such a change was necessary in order to give Canadians the results to which Canada's resources entitle them:

(1) Would the Canadian government be free to make such a change?

(2) Would the Canadian finance department be free to make such a change?

(3) Would the Canadian minister be free to make such a change?

We come now to what should be the ultimate objective of the desirable change of Canada's financial system. Would it not be adequate control of the issue of currency and credit in Canada? What would such adequate control be comprised of?

How would the minister define the expression "control of the issue of currency and credit" as used by Mr. Mackenzie King in his famous quotation? Does the minister believe that the government of Canada at the present time has adequate control of issue of currency and credit? In the minister's opinion, what factors ought to determine the optimum desirable amount of money in circulation in a state? Is adequate control of the issue of currency and credit being exercised in Canada at the present time by the Department of Finance? In other words, is the optimum desirable amount of money being maintained in circulation in Canada today? If not, in what respect or degree is the Department of Finance falling short of its duty in efforts to attain the desirable objective? And if not, what reasons would the minister give for any deficiency at present obtaining in the control of the issue of currency and credit in the conduct of Canada's financial and economic system?

In the minister's opinion, what ought to be the definition of the expression "money in circulation"? Ought it to be the amount of money in the possession of citizens of the state or the amount in the possession of the probable producers and consumers of the state? Would the minister agree that effective control of the issue of currency and credit in Canada would comprise:

(1) Ability to get into and maintain in circulation in the right hands a sufficient amount of money to enable Canadian producers to produce enough of every kind of desirable Canadian goods and services to supply all the Canadian people with the optimum amount of such goods in so far as the physical resources of Canada render possible such optimum production?

(2) Ability to get into and maintain in circulation in the right hands a sufficient amount of money to enable Canadian consumers to consume enough of every kind of desirable Canadian goods and services to supply all the Canadian people with the optimum amount of such goods in so far as the physical resources of Canada render possible such optimum consumption?

If not, why not in each case?

Would the minister deny, upon his responsibility as minister, that it ought to be possible for the Canadian finance department to get into circulation in the right hands a sufficient amount of money to enable Canadians to produce enough of every kind of desirable Canadian goods and services to supply all the Canadian people with the optimum amount of such goods in so far as the physical resources of Canada render possible such optimum production?

If so, why?

Would the minister deny, upon his responsibility as minister, that it ought to be possible for the Canadian finance department to get into circulation in the right hands a sufficient amount of money to enable Canadians to consume enough of every kind of desirable Canadian goods and services to supply all the Canadian people with the optimum amount

of such goods in so far as the physical resources of Canada render possible such optimum consumption?

If so, why?

What measures are available to the minister for use as effective means of getting into the hands of Canadian producers enough money to produce as indicated above?

Give detailed answer:

(1)

(2)

(3)

(4)

What reasons has the minister for believing that these measures would be efficacious in case of:

An overproduction of goods in Canada, bearing in mind that, in a depression, banks hesitate to lend for production, while in times of overproduction producers hesitate to borrow?

What measures are available to the minister for use as effective means of getting into the hands of Canadian consumers enough money to enable them to consume as indicated above?

Give detailed answer:

(1)

(2)

(3)

(4)

Does the minister believe that the finance department has the responsibility of controlling the issue of currency and credit in Canada?

If not, what department or departments or agencies of the Canadian government has or have that responsibility?

Has the finance department the power to control the issue of currency and credit in Canada?

(1) If not, why not?

(2) And if not, what department or departments or agencies of the government has or have that power?

Does the minister believe that the control of the issue of currency and credit is the biggest and most important public utility in the economic activities of the Dominion of Canada?

Does the minister believe that control of the issue of currency and credit in Canada means, in effect, control of the whole national life of Canada?

(a) If not, why not?

(b) And if not, then in what respects?

[Mr. Blackmore.]

(c) Would the minister concur in the opinion expressed in the statement: "Money is the bloodstream of the national economy"?

I have taken considerable pains to draft these questions, Mr. Speaker. I present them to the Minister of Finance (Mr. Abbott), the deputy minister of finance and all the members of the finance department, and I ask that those questions be answered during this session of parliament. I submit the same questions to all hon. members of the House of Commons in all parties. Just as soon as anyone, from the hon. member for Greenwood (Mr. Macdonnell) right on down, thinks he can answer those questions in such a way as to prove that this country cannot have money other than what is stolen from the people by taxation, he will be welcome to demonstrate his position.

Mr. Graydon: When do we try the examinations?

Mr. Blackmore: I shall be right here to check you up. I conclude with the earnest and sincere contention that if we will study the financial system of Canada with a desire to find a way out of the difficulties which surround us, we shall find that way; and we shall find it in no other manner.

Mr. Raymond Bruneau (Prescott): Mr. Speaker, discussion of the budget and its various provisions and implications may well be regarded as a general survey of the national economy and an examination of the state of the country. Speeches delivered so far by almost all opposition members have revealed a definite pattern, that pattern taking the form of a concerted attack on the budget. The criticisms have been notable for their lack of constructive suggestions. A dispassionate onlooker would gather the impression that the main purpose of the critics is to tear down the budgetary structure rather than consolidate its foundations. Parliament, composed as it is of representatives of all parties, both government and opposition members, is presumed to be the mirror of the nation. Keeping this thought in mind, one may well inquire at this stage, what substantial segment of the country do the criticisms voiced so far represent? It is extremely difficult to reconcile these criticisms with the seemingly general acceptance of the budget by the country at large.

Some suggestions have been made as to the taxation measures that should be discarded and the fiscal policies that should be made effective to provide the necessary revenues for the management of the country's affairs. Too many criticisms have been notable for their lack of realism and objectivity.

Canada's taxation structure is at best a delicate fabric. It must be designed to establish a proper balance between the national economy and the economy of the ten provinces constituting the dominion. An ill-conceived national taxation policy can, by reason of its implications and repercussions, so operate as to deprive the provinces of essential revenues. Overly heavy taxation of spirituous liquors is a case in point.

No government, federal or provincial, relishes the task of increasing the burden of taxation. But there are times when a state of national or near national emergency leaves no other course open to the government. Such a situation now confronts the government of Canada. My deeply respected and able leader, the right hon. Prime Minister (Mr. St. Laurent), recently expressed his views in this respect when addressing a group of students of the Hawkesbury high school who visited the parliament buildings. He emphasized that national necessity imposed on the government unpleasant duties, such as the levying of taxes to provide revenues for the purchase of death-dealing armaments and the waging of war against the forces whose sole aim is the destruction of our civilization and all that it implies in the realm of human rights and fundamental liberties. The action which the government has taken on behalf of the people of Canada is actuated by but one desire, the determination to prevent occurrences such as the rape of Korea and the further enslavement of the free peoples of the world.

A nation is no stronger than the sum total of its individual strength. In this time of crisis, the people living in the 262 ridings that make up the dominion must so integrate their efforts as to give the fullest support to the government in the pursuit of its main policy, that of strengthening the country from within and helping friendly and still free nations meet the threat of the common enemy, Soviet Russia and its satellites.

My constituency, Prescott county, is in the happy position of being able to make a not inconsequential contribution to the national effort. But Prescott county's contribution is conditioned on co-operation. During the second world war my riding, where the topography of the land is admirably suited for aviation purposes, had the benefit of two airfields, one situated at Pendleton and the other at St. Eugene. These two airfields, which played an important part in the expansion and full development of the eminently successful commonwealth air training plan, have been virtually unused since 1945. A moderate outlay would be sufficient to ensure their rehabilitation and utilization. Hawkesbury has a flying club which has been in existence for several years now. The unflagging enthusiasm of its members has ensured its successful operation in spite of many handicaps, among others the lack of finances. The preliminary training of fliers under the direction of flying clubs like the one operating on the outskirts of Hawkesbury is directly associated with the broad pattern of national defence. Young aviation enthusiasts learn the fundamentals of flying at these clubs. The theoretical and practical knowledge of flying acquired at these clubs constitutes an important preliminary step in any national air training plan. Bearing in mind the over-all cost of training each flier, the national budget is relieved of a portion of the financial burden the complete air training course entails. I have been urging for some time now the installation of a beacon at the airfield of the Hawkesbury flying club. Such a beacon would be of great help to the flying enthusiasts who, by reason of their employment, can only engage in night flying. The benefits to be derived from the installation of a beacon are so obvious that I need not labour the point. The very small outlay required would pay dividends to this country.

I should like to stress another factor that ties in closely with the national defence program. I have in mind the decentralization of industry. Economic and strategic reasons make such a decentralization increasingly imperative. Decentralization relieves transportation congestion in heavily populated areas and facilitates the quick movement of traffic both in times of peace and war. New methods of warfare centred around the use of the atomic bomb and its more lethal companion, the hydrogen bomb, are undoubtedly the most compelling reason for the decentralization of industry. Prescott county, situated as it is midway between Ottawa and Montreal, is splendidly located to meet the needs of decentralization. There is ample power for the operation of almost any type of industry, and the county is well endowed with rail and highway transportation facilities.

The full development of Canada's agricultural possibilities is another paramount consideration. This country is most fortunate in that there is a fairly happy balance between its agriculture and its industry. We are well aware of the outstanding part Canada's agriculture played in the successful prosecution of two world wars. I fully endorse the action taken by the government, and confirmed by a parliamentary majority,

in connection with the voting of a $65 million subsidy to the western wheat growers. However, I will avail myself of the opportunity presented by the reference to this matter to emphasize once again the importance of maintaining a proper relationship between all the constituent elements of our agricultural economy. There is an all too pronounced tendency in some quarters, and among some informed and less informed citizens, to regard the farmers of the eastern section of the country as quite capable of coping with their own problems. There is such a thing as penalizing farmers for their qualities of sturdy individualism. I have often asked myself if eastern farmers receive all the encouragement to which their efforts and initiative entitle them. I strongly urge the Minister of Agriculture (Mr. Gardiner) to do his utmost to ensure the setting of a floor price for butter at 62 cents a pound, as suggested by Mr. A. L. Sloan, secretary of the Prescott and Russell counties federation of agriculture, and Mr. Emile Laplante, president general de l'union des cultivateurs franco-ontariens. In relation to its farming population, Prescott county is the largest producing centre of cheddar cheese in North America. Flax is grown in large quantities.

Another drawback for the eastern farmers is the rampaging Nation river, the wickedest river in Canada which at flood times creates havoc on a vast area of the fertile golden triangle of the Ottawa valley. I sincerely hope that before too long a program will be devised to check this stream.

A full defence effort should not divert attention from the pressing needs of many of our fellow-Canadians. I have in mind the aged people of this country who have reached the twilight stage of life and are incapable of fending for themselves or providing for their own sustenance. There is too the tragic case of invalids who know not where to turn for succour, and who have no kith or kin to lend them a helping hand along life's all too thorny path.

There is some evidence that the program of price stabilization applied in the United States is producing results which should be reflected in the Canadian economy. Canadians are following this economic experiment with interest.

Taken by and large, the 1951 budget is one that should not fail to commend itself to the people of this country. It will be assayed and judged in terms of its ultimate results. Those results will, I feel confident, help most substantially in the furtherance of Canada's national defence program and redound also to the ultimate benefit of the Canadian population.

[Mr. Bruneau.]

Mr. Frank T. Stanfield (Colchester-Hants): Mr. Speaker, there are a few matters pertaining to my own province which I should like to bring to the attention of the house this evening. Before doing so I have a few observations to make concerning the budget. The first is with regard to the depreciation allowance the minister announced in his budget this year. Ever since income tax and corporation tax have come to be a major source of revenue they have always been allowed corporation depreciation rates levied on a very prudent, proven and well established basis. I believe it is a great mistake to depart from this procedure. I realize that there is a shortage of metals and steel that go into the making of machines, or in other words, capital goods. It was the minister's intention to discourage the buying of capital goods through the adoption of these new rates of depreciation. It would seem to me to have been much better to adopt a system of priorities such as that established during the last war. Then, if anyone wants to buy a new machine or spend a large amount of money on capital goods, he has to get a permit from the minister before he can proceed. It seems to me that would have been a much better system than the one proposed by the minister in the budget.

The second matter to which I want to refer is the tobacco tax. Cigarettes and tobacco do not greatly concern me, and I am not one to encourage their use. It is a sort of dirty habit, but today one cannot class cigarettes and tobacco as a luxury. They are used by many of our people, and it seems to me a lot of money to have to put out forty cents for twenty cigarettes. It seems still more foolish to me when you cross to the United States and buy cigarettes for around twenty cents, but when you come back into Canada you have to pay forty cents. It does seem to me that the spread is too great, and perhaps we have gone too far in the taxation of tobacco and cigarettes. The tax was steep enough before this increase was brought down.

The third matter I wish to bring to the attention of the house concerns the sales tax, I should say the increase in the sales tax. Personally, I am against sales taxes in any way, shape or form. I do believe that if we have to have a sales tax the amount of the tax should be shown to the people buying a shirt or a pair of shoes. I realize that this is poor politics, but I am certainly against any hidden taxes whatever. If we have to have a sales tax, I believe the amount of it should be shown in the cost of the goods to the buyer. I go still further and say that the sales tax is a bad tax. It bears hardest on

those who can least afford to pay it. I have heard it said by some officers in the Department of Finance that the sales tax is not pyramided. I cannot agree with that, Mr. Speaker. Anyone who is familiar with the retail trade in this country knows that the sales tax is pyramided to quite an extent. The retail mark-up is always taken on the sales tax as well as on the actual cost of the goods to the merchant. As to automobiles, I will admit that I do not believe there is a mark-up on the sales tax; but as far as I know, that is one of the few things that do not bear a sales tax mark-up on the retail price.

As I say, it is a hard tax on a great many people and is one that I certainly would like to see done away with. But if we must have a sales tax, I am all for showing it on the actual cost of the article to the purchaser at the retail level, or for working out some system whereby this may be done, because I think it should be brought home to the people at all times how much it costs to run this country, so that they will have a greater interest in that matter at all times.

Now I shall come a little closer to home. I should like to bring to the attention of the house this evening the matter of freight rates. To the maritime provinces this is a matter of great importance. Unless some better system can be worked out with regard to freight rates, we in the maritime provinces are certainly not going to have too much prosperity. We in the maritime provinces are so situated that our natural market in which to trade is not east and west but north and south, namely, in the New England states and the state of New York. But if we are closed off from those markets, or if we have to trade with western Canada and central Canada, certainly some system must be worked out whereby the freight rates will not bear so heavily on us in the maritimes.

I know that is an extremely difficult question. It is a hard one to work out. In the past efforts have been made to rectify that situation, and they have helped. But with the great increase in freight rates that has taken place over these last two years, it has become a much more difficult question to us in the maritimes than ever before. We had a great deal of prosperity during the war and since, and perhaps, with the great defence program getting under way again, we may not feel these heavy freight rates in the maritimes as much as we would if we were in ordinary times; but I can assure everyone that if the maritime provinces are to be prosperous, some cheaper method must be worked out by which they can trade with the central provinces and also with western Canada.

I should also like to commend to the minister the continuation of the subsidy on feed grains. I can assure the minister that this subsidy is a great help to the farmers in our part of the world. It also helps to keep down the price of milk and other dairy products. I also think that it is a good thing for the western farmers, as it helps them to dispose of a great deal of their coarse grain. They can really grow those coarse grains in the western country much more cheaply and of much better quality than we can in the maritimes. I would strongly urge the Minister of Finance that the subsidy on these feed grains be retained; and I am sure that consideration of this suggestion would be greatly appreciated by all the farmers not only in the maritimes but in Quebec and Ontario as well.

It is perhaps a dangerous thing to raise this question of coal, inasmuch as people from the maritime provinces have been talking about coal for a long time; but a large item in the economic life of Nova Scotia is that commodity known as black coal. Today it is having a hard run against oil, in all its forms, that is burnt today not only in Ontario and Quebec but even in the maritime provinces themselves. There is, however, a large market for coal here in Ontario. Our coal now comes up to Montreal but little of it passes beyond that point or reaches Ontario. I notice that the number of tons of coal mined in Nova Scotia and in Alberta was less this year than it was a year ago but that the importations of United States coal have been greater.

I should like to see adopted some national policy with regard to coal, to the end that more of our Nova Scotia coal as well as Alberta coal would be brought to the Ontario market, thus giving the miners in our province more work. In addition, perhaps a greater number of mines could be operated than there are at present. There is no doubt about it that in our part of the country not nearly as many coal mines are in operation today as there used to be. Alberta, of course, has all kinds of resources, but we in Nova Scotia are not so fortunate. It would be a great gesture on the part of the rest of the country if some kind of national fuel policy could be drawn up with regard to coal, as a result of which more of our Nova Scotia coal might be brought to Ontario.

There is another way in which I am sure the government could greatly assist the people in Nova Scotia and in New Brunswick. That is by the establishing of more

industries in connection with this great program of national defence that this government has just undertaken. If they could not locate large plants down there, perhaps a large number of small plants could be established in the various cities and towns throughout those two provinces, in which subcontracting work could be carried on. I do not know whether or not the same thing could be worked out with regard to Newfoundland, but I presume that a certain amount could be done over there. But I feel certain that, if the government so desired, a great deal of new employment could be provided in the maritime provinces by bringing to these provinces many of the industries that I feel they are contemplating setting up in Ontario and Quebec. I think it is only fair that those industries should be spread around the country as much as possible.

In Nova Scotia and in New Brunswick we have not the same full employment that is enjoyed in Ontario and Quebec. I am sure that the establishing of some of these plants in Nova Scotia and New Brunswick would greatly improve the employment situation in that part of the country. It would also perhaps have the effect of permanently building up many more industries down in those two provinces. I hope that the Minister of Trade and Commerce (Mr. Howe) will listen to those of us on this side of the house who have been urging this course of action for some time. The hon. member for Cumberland (Mr. Black) and the hon. member for Cape Breton South (Mr. Gillis) have been continually pounding on this question. I certainly give them my wholehearted support in the good work that they have been doing, and I do hope that the Minister of Trade and Commerce (Mr. Howe) will do something about it.

Hon. members will recall, Mr. Speaker, that when the Cuban market was open to us in Nova Scotia and New Brunswick it was a great market for many of the products of the maritime provinces. A few years ago the Liberal government brought in the West Indies trade treaty. The Cuban government took exception to it, and they stopped buying anything, or practically anything, from us in Canada. At that time we lost some of the best markets we had for our fish, potatoes and many other products, and we have never obtained a market to take the place of the Cuban market.

The West Indies market is a small market so far as we are concerned. I should like to see the Minister of Trade and Commerce take steps to try to get the Cuban market back for our exports in Nova Scotia and New Brunswick. I am not saying that the West Indies trade treaty was a bad one, or anything of that kind, but it was a very tough one for the people in the maritimes. The West Indies market in no way, shape or form took the place of the Cuban market.

The English market is another market that we in the maritimes really must have. I do regret that there has been a little—I do not know the word to use—disagreement or misunderstanding between the English and ourselves with regard to exports. We had enjoyed the English market for many, many years, and up until the second world war broke out. We all know since that time England was not in a position to trade with us so freely or to put up good money for the exports from our country which had to be paid for in dollars. The result was that we lost our apple industry. We also lost a great deal of the lumber market, and other markets that we enjoyed, such as markets for pit props and other things which we sold to the British isles for so many years previous to 1940. It was another hard blow for us in Nova Scotia and New Brunswick, perhaps more so to New Brunswick than to Nova Scotia. However, I am glad to learn that the English market for our pit props has been reopened to us since the first of 1951.

When the government is working out trade agreements with the British isles I do hope that they will not overlook us, but will try to get our apple market back for us, and also the market for our long lumber, and many other of our commodities which we had enjoyed over there so many years prior to the second world war.

The English people are among the best there is. They always pay their bills, and we should make every effort to get back with them all the markets that we have lost.

If the minister has any great amount of money to throw around, to play Santa Claus with, as he sometimes has, perhaps he could appropriate a little to the maritime provinces to help conserve the forests of those provinces. The forest wealth of the maritime provinces is the greatest form of wealth we have. It has fast disappeared in the last few years. I should like to see something worked out whereby our forests could be conserved in the same way as they are being conserved in Sweden, in Finland and in many other European countries, where they have been successful in having large timber cuts each year, but have also been able to conserve their forest wealth.

The forest wealth is of very great importance to us, and I do not hear a great deal about it in this house. It is a matter of great concern to us in the maritime provinces.

Every hon. member should take a greater interest in conserving the forest wealth of this country.

Perhaps the house has listened long enough to what I have to say; but I do wish to say that we in the maritime provinces, as everybody knows, are not as fortunate as the people in western Canada. I do ask you all to give the very best consideration to our requests and to the special needs and the special help that we need in those provinces.

Mr. H. W. Herridge (Kootenay West): Mr. Speaker, since listening to the Minister of Finance (Mr. Abbott) deliver his budget, I have been somewhat indisposed, but I managed to pull myself together tonight in order to make a few comments on the budget because of the importance of this matter to my constituents, and because in the time that has elapsed since he gave his budget speech and now I have received communications from a number of people.

I might say, Mr. Speaker, before proceeding, that for one in my condition I do not get very much inspiration from the rather bored expression on the face of the Minister of Finance, but I do get some inspiration from the enlightened attention I am receiving from the hon. member for Comox-Alberni (Mr. Gibson), so I shall continue with that inspiration.

We in this group fully realize that the Minister of Finance must have the funds to give effect to the decisions of this parliament —there is no question about that. And we know that money has to be raised and we know you cannot raise taxes without taking something away from people. This group believes in the principles of arithmetic, that two and two always make four, but we want to be sure that you take the two from the right people. We criticize this budget, Mr. Speaker, on two grounds. The first is, there is no specific provision in the budget for the checking of inflation.

I understand the Prime Minister (Mr. St. Laurent) told a group of labour people representing the Canadian Congress of Labour, the Trades and Labour Congress and the Catholic Federation of Labour that the government did not see fit to introduce price controls and subsidies now, but that when the budget was introduced they would find that it contained some provisions for checking inflation. Well, I am quite sure, Mr. Speaker, that a great number of members in this house and a great number of people in the country are not satisfied that this budget is a determined effort to check inflation.

We in this group believe, Mr. Speaker, in income tax as a fair and a sound tax, and we believe in the principle of taxation on the basis of ability to pay. We do not believe that this budget, in these serious and urgent times, has been drafted sufficiently on the principle of ability to pay.

I am not going to speak at length this evening. The hon. member for Rosetown-Biggar (Mr. Coldwell) gave a very full criticism of the budget. We had an excellent speech from the hon. member for Winnipeg North Centre (Mr. Knowles), particularly that portion of his speech in which he dealt with possibilities for changes in the act in connection with deduction of medical dues and so on. Then we had a very down to earth oration from the well loved member for Cape Breton South (Mr. Gillis). This afternoon the hon. member for York South (Mr. Noseworthy) gave what I thought was an excellent criticism of the budget based on soundly presented evidence. I am going to deal with just a few items in the budget. I shall stay with the budget entirely from my point of view.

My constituents are already informing me that they consider this 25 per cent increase in the sales tax, the increase from 8 to 10 per cent, entirely wrong, and I think they are correct. We in this group are very much opposed to the principle of sales taxes and hidden taxes because we believe they are oppressive and unfair. This sales tax pyramids because it is applied by the manufacturer, by the wholesaler and by the retailer. We believe that this type of tax is not sound in principle, and if the government see fit to apply it, it should be applied at the retailer's level so that the consuming public will be asked to pay the 10 per cent only once.

The new 15 per cent levy on refrigerators, washing machines, gas and electric stoves was quite a surprise to many people in this country. We believe that that tax could have been omitted from the budget. This group particularly, and many members of this house, realize that the basis of the Canadian economy, if it is to be a stable and worthwhile economy, is the building of satisfactory homes. We believe that this tax is going to work considerable hardship on people, particularly young people who are attempting to furnish new home units and things of that sort.

The increase in the cigarette tax of three cents a package will create a small hardship for a good number of Canadians, but I do not think we can complain too much about that under the circumstances. While I am one of those who enjoy the so-called filthy habit of smoking pipe tobacco, I do not think we are suffering too much in the increase

in the tax on tobacco from 67 cents to $1.15 a pound. These are not essentials. I have found from experience, and as a result of my wife's prodding, that on occasion I can do without these things when I am pushed. So in future I shall be allowed just that much less tobacco and my budget for tobacco will be the same.

The increase in the special excise tax from 15 to 25 per cent on cars, radios and luxuries is one that we could expect. We cannot complain about the tax being increased on luxuries. I do not know whether we can complain too much about the increase in the tax on radios. But there are certain people in this country, particularly those with lower incomes and who may require a car with which to travel to work, or who would like to enjoy a radio, who may find this somewhat of a hardship.

I come now to the 20 per cent defence levy on personal income taxes, effective July 1. We contend that there should have been higher exemptions from that tax; that it should not have been a flat 20 per cent, that it should have been graduated. It will bear heavily on a certain group of people in this country, but if the exemptions for this special levy had been raised to $1,500 and $3,000 this defence levy could have been more easily borne by the majority of the Canadian people.

We in this group are pleased to note that the government has seen fit to allow union and professional dues to be deducted for income tax purposes. I think that is a tribute to the efforts of the hon. member for Winnipeg North Centre (Mr. Knowles), which were supplemented by the efforts of this group. I remember the time when that was first brought up and there was so little support. It was considered to be a sort of Utopian idea; it was considered to be unnecessary. I am glad to note that the government of the day has seen fit to recognize the constructive and progressive work of the C.C.F. group in this house.

I understand that the corporation taxes under this budget will impose a tax of about 50 per cent on the profits of a corporation making over $10,000 per year. Under normal conditions that would be considered quite a high rate of taxation. I understand that the smaller corporations making a profit of $10,000 or less will not be affected by an increase in taxation. I am not so sure but that the smaller companies could have stood at least a 5 per cent increase from 15 per cent to 20 per cent. Some of the smaller companies are operated by people who draw good salaries and they are permitted to make a profit up to $10,000. When you consider that in the case of a corporation with a profit of $10,000 the tax is only $1,500 it will be seen that they are not suffering too much under present conditions.

We submit that a larger tax should have been imposed on the large corporations. I realize that this is a popular suggestion to make, but I am not making it because of its popularity. I make it because it indicates an opportunity to secure revenue which would make it unnecessary to impose some of these other taxes on the people in the lower income group.

I believe that figures prove that the larger corporations could have stood a somewhat higher rate of taxation. Table 7 in the papers presented with the budget indicate that in 1939 corporation profits before taxes amounted to $618 million; in 1946 they had increased to $1,450 million; in 1949 to $1,898 million; and in 1950, which is estimated, to $2,270 million. Corporation profits after taxes in 1950 will amount to $1,402 million, an increase of 17·9 per cent over the 1949 average.

The Montreal *Gazette* of Saturday published the computed earnings of over 100 Canadian companies in 1950 as compared with 1949. The financial years of these companies coincided closely with the calendar year. These one hundred companies showed an average increase in profit of 27·4 per cent compared with 1949, after all charges, including taxes, had been deducted. I think these figures indicate that the larger corporations could easily have stood a somewhat higher corporation tax.

I have always wondered at the principle upon which income tax was based. In the case of corporations, they are allowed depreciation and deductions for maintenance on a most generous basis. But when you come to the human machine it is simply left with enough for a day-to-day existence. No allowance is made for human depreciation. The average working man in this country is not permitted to provide reserves for contingencies. I have often wondered at the strange difference in the principles governing the taxing of corporations and individuals.

I have mentioned a few of our objections to the budget. Who supports this budget? I think that is a good indication of the approach of the Minister of Finance to the matter of raising funds in Canada. I find that the Canadian Chamber of Commerce issued a statement to the effect that the budget was reasonably fair, sound and realistic. The Edmonton Chamber of Commerce stated that there had not been a single protest by businessmen. That indicates clearly that they do not feel that they are suffering too much. It indicates that they consider it

satisfactory from their point of view. When a chamber of commerce issues a statement like that you can rest assured that the budget coincides pretty generally with the wishes of big business in this country. Whom do we find opposed to it? We find the various labour organizations. They state it is equivalent to a serious cut in wages. A Halifax housewife protests the tax on stoves and washing machines. The chairman of the Ottawa United Church social service council says it it outrageous that no further taxes have been imposed on liquor while necessities of life have tax increases. The Trades and Labour Congress of Canada says the new budget tax proposals appear to be aimed directly at our working people to force them down to lower living standards. You see, these people represent the mass of the working people in this country. They understand their opinions and know the effect the budget will have on the living standards of a considerable number of Canadians at this time.

I want to refer to an editorial in the Nelson *Daily News*, which is a daily paper published in my constituency. It is a Conservative paper. I am very pleased to see, Mr. Speaker, that I now have the honour of having the attention of the parliamentary assistant to the Minister of Finance. The Nelson *Daily News* is a Conservative paper owned by a Conservative publisher. It is very fair in its presentation of the news. It has permitted its correspondence columns to be used by people of very wide and divergent views. On occasion it gives the government credit, and it criticizes the government when it sees fit, and the same with the member for Kootenay West (Mr. Herridge). What does this very cautious Conservative editor say? In the issue of April 14 he says:

> But just how effective a brake has been achieved against inflation is certainly by no means immediately evident. It is true luxury buying has been dealt a blow by the increase of excise imposts. But there are millions of Canadians in these inflation days to whom the end of luxury buying means nothing. They simply haven't been doing any. The demands of daily living have been taking up all of their wages. To these millions, the budget and other methods undertaken by the government as weapons against inflation do not show as overwhelmingly effective. The avoidance of debt financing of the defence measures will have some good effect toward holding down inflation. However, advanced government spending on the defence effort is just as likely to offset this gain.
>
> Inflation is a greater enemy today than at any time during the war years or in the years since. During the twelve months preceding Mr. Abbott's baby budget last September the cost of living index advanced 7·5 points. In the six months since, it has raced 6·4 more points. In other words, the rate of increase has doubled. That is how quickly this enemy is advancing. Doubts as to the effectiveness of the measures against inflation are aroused first by the immediate demands being considered by some labour to offset the effects of the budget; secondly, by the example of some business in taking advantage of the interim period before the application of new taxes to charge advanced prices and so reap additional profit.

This is the comment of a very sound and stable editor who in my opinion views taxation and budgets quite objectively. I have criticized several aspects of the budget, and I want to make a couple of suggestions. We in this group believe that the larger corporations should have had a higher graduated income tax or excess profits tax. I say excess profits tax because of Canada's experience with the application of an excess profits tax. In the latter days of the last war and after the war an excess profits tax was in effect. What effect did it have? Because the employer knew he would have to pay the excess profits tax it influenced him in meeting wage demands of his employees. Many employers increased wages when the excess profits tax was in effect, and at the same time many employers for the first time established pension and medical plans, and so on.

In that respect the excess profits tax was an indirect way of raising the whole Canadian standard of living. In addition, as was mentioned by a previous speaker—I believe the hon. member for York South (Mr. Noseworthy)—there were large sums of money paid into the dominion treasury. In my opinion if we had an excess profits tax it would tend to influence employers to meet wage demands so that wages and prices could be brought once more into a satisfactory relationship. At the same time by the strict application of price control and subsidies where necessary we would be doing something in the budget to provide the commencement of a condition of financial stability in this country.

The government actually would like to see the people of Canada save because if we are going to meet our production obligations, if we are going to meet the situation facing us, there should be considerable saving. But there is no incentive whatever to save until the people of Canada are assured of a reasonably stable dollar. Another point I wish to make is that I think even yet there are a considerable number of corporations and individuals in Canada avoiding certain income taxes that they should pay. There is quite an opportunity to do that in certain types of business. I remember the hon. member for Moose Jaw (Mr. Thatcher) asking for a return as to the farm taxes paid in the various provinces. I remember the return showed that for one province the figure in 1946 was approximately $14,000. I understand that situation has been substantially corrected, but I think there can be a closer checking of certain aspects of income tax collection.

I know it is difficult. We have wide spaces to travel in Canada, but I suggest that the government would be well advised to have more spot check audits in various types of businesses and for certain individuals. When we come to the question of taxation we must realize that the only persons who are bound to pay their full tax are the wage and salaried workers who have their tax deducted at the source, and the farmers who are selling their products through marketing agencies such as the wheat pool, Tree Fruits Limited in British Columbia, vegetable growers organizations, dairy co-operatives, and so on. I am not suggesting that there are large numbers of dishonest people, but the ones to whom I have referred are the only people concerning whom the government can be certain that they are collecting every dollar of income tax owing to the government. They are placed in a somewhat different position from any other people in this country.

The question of taxation in modern times has reached astounding proportions. I want to indicate the position of the average man of modest income in a province like British Columbia under the present circumstances. I want to indicate the taxes that will be paid by the average home or farm owner. He is not born more than a few minutes before his parents have got to buy a birth certificate so that the Minister of Finance will know he is here. Then he has a land tax, a school tax, and a provincial sales tax in British Columbia. Then he has an electrical energy tax, and a poll tax if he lives in a municipality. All citizens who use automobiles and gasoline pay the gasoline tax. After going along for a while he decides to get married and he has to buy a marriage licence.

Mr. Gibson: Amusement tax.

Mr. Herridge: And there is the amusement tax. I appreciate the assistance of the hon. member for Comox-Alberni (Mr. Gibson) very much. Then this person decides to get married and for the first time he begins to realize the full impact of federal taxes. Then he knows what income tax means, the excise taxes, the federal sales tax, and the tariffs which are a form of tax. On top of that he has an insurance tax. I am not giving them all; I am only giving the more important ones. I do not want to discourage people too much, but then he has many licences to buy. He buys a business licence, a radio licence, a fishing licence, a hunting licence, a car licence and a driver's licence. After he has paid taxes all during his life he dies, and then they insist upon his relatives paying for the death certificate so the Minister of Finance will know he is gone. Then shortly after his death the monument manufacturer comes around and says, "Don't you think it would be nice to put up a nice headstone to your relative?" He might suggest, "I will put on it 'Rest in peace; Abbott cannot get you now.' "

The situation in the world today is serious. The position of Canada, in common with all other members of the United Nations, is very serious. I am disturbed by the business as usual attitude of a good number of corporations and individuals in this country whose main motive in life is still the making of profits. I am not going to be sanctimonious about this. We live in a capitalist society and companies have to make profits in order to exist, just as individuals who invest their money have to make reasonable profits. But I meet any number of people who seem to have no conception of what faces the western world, but are just as keen as ever on raking in every dollar from the Canadian economy that the law will permit, and in many instances more than the law legally allows.

There is evidence of that right in this house, and in the newspapers of the country. Look at the prospectuses being issued by those making application for gas pipe line charters. You should read some of the literature being circulated in the United States. They say that in Canada there is a glorious opportunity to make more money than can be made by any other investment; and it is a highly productive investment. It is the same with the oil pipe lines; you should see some of the prospectuses I have in my office. There is no mention of the seriousness of the situation. And mind you, when you are doing these things, building pipe lines and so on, there are great opportunities for depreciation and things of that kind. Look at my own province, where the British Columbia Telephone Company is asking for an increase in its authorized capital from $25 million to $75 million. People do not realize that the telephone business is the greatest industry in North America. The owners of the Bell company in the United States have more capital and make more profits than United States Steel and two American railroads put together. This new capital in British Columbia will come principally from the United States; and you see advertisements in Canadian newspapers, even here in Ottawa, in connection with preferred stock issues and bonds which are being sold in the United States. The lure, shall I say, or the whole approach is that here is an opportunity to make more money than usual, more money than average business is able to make.

The same situation exists in connection with other corporations, and again I am

going to mention International Nickel, which I consider one of the vilest monopolies in this country today. These companies think of profits while we are asking men to join the armed forces and defend the principles of the United Nations in Korea. Before I proceed may I say I firmly believe that no member of the active forces who leaves Canada to serve this country in the field should be required to pay income tax on the pay he receives as a member of the armed forces. I think that is the least we can do for them and their dependents while they are overseas. But here we have these large profits, with people going about their business quite unconcerned over the fact that the whole world about them may be crumbling. It takes a great deal to shake large segments of humanity out of their lethargy and greed.

I have suggested that we should have an excess profits tax. This would be a way to assist companies in meeting wage demands, and would help keep prices and wages in better relationship if applied with price controls and subsidies. In addition it would give us the extra money we require to do something about old age pensions, which were dealt with so well the other evening by the hon. member for Winnipeg North Centre (Mr. Knowles). In addition it would make it possible for us to distribute the burden more fairly and lift what we consider an unfair burden from the shoulders of the lower income groups.

In view of my approach to the budget and my criticisms, Mr. Speaker, when the vote is taken I intend to support the subamendment and the amendment.

(Translation):

Mr. Raoul Poulin (Beauce): Mr. Speaker, like other members I have received during the past few days many messages and letters from farmers in my riding asking the government for a floor price on butter, namely 62 cents to the producer. I know this is a slippery matter as a certain party has learned at its expense. However, even if the problem should be a difficult one, that is no reason for refusing to cope with it.

The workers in our cities and villages must be asking themselves how it is that in these critical times, when the cost of living is already so high, public men are seeking to set the price of butter at what must appear a very high level. If it is fair to set a reasonable floor price for the farmer, I believe it is only logical to let workers know the reason why. I should like to give my personal impression on the matter without, of course, attempting to solve the problem in my own way.

We know that over 400,000 producers are interested in Canada's dairy industry and that over two million people are employed in that industry. We also know that butter is the most important product of that industry. City workers will readily understand that those two million people, who are in fact consumers, make up a very important market, since those same workers purchase manufactured goods.

They will surely understand that, in their own interest, they should not ignore the agricultural class. They cannot risk that those two million consumers interested in dairy production stop purchasing their products. I believe it is not an overstatement to say that the Canadian dairy industry now stands in jeopardy.

There are various reasons for this, some of them rather obvious. First, there is the high price currently offered farmers for beef cattle. Last summer, in rural districts, those of my constituency at any rate, I saw dealers go up and down the countryside every day offering to buy from the farmers not only their beef cattle but their dairy cattle as well. Farmers are naturally tempted to sell their dairy cattle since this stock fetches a high price. That is the first threat.

Of course, the farmer has to be cautious and avoid cutting down his dairy herd, for while it takes very little time to cut down, it takes very much more time to build it up again.

The second danger is somewhat like the first, because of the fact that our dairy cattle find a ready market south of the border. On March 19 last, in reply to a question in my name on the order paper, we were told that 47,000 of our dairy cattle had been exported to the United States in 1950. There lies another temptation for the farmer. He is likely to yield to that temptation because he is always offered a high price.

The third danger lies in the manufacture and sale of margarine in this country. I must say I am very happy that the Quebec government has banned the manufacture and sale of margarine. In my humble opinion, margarine is one of the greatest threats still facing the dairy industry.

We note that between 1949 and 1950 the production of margarine has gone up 27 per cent. Also that in the same period butter production has decreased 6 per cent.

As for the consumption of margarine, we see that in 1950 it was up 30 per cent over 1949 and that in the same period butter sales had gone up only 2·5 per cent.

Plainly there has been a rapid and constant rise in production and consumption of margarine.

On the other hand, we find that butter production has fallen off while consumption remained at about the same level. Of course, I am no economist, but I have some business experience and it seems to me that these figures show clearly that margarine now endangers our butter production and consequently our dairy industry.

While I am dealing with the butter situation may I be permitted to mention what happened in the last couple of months, when butter was selling at 75, 80, 85 and even 90 cents a pound in our small villages.

Although the producer had sold his product last fall at 57 or 58 cents a pound, it was stored for the winter and, two or three months later, it sold at huge profits. I am not in a position to say who is responsible for this condition but it surely is untenable. It should not exist and should not be allowed to recur if it can be avoided. I know that some people are dissatisfied in my district and I fear that the public will be resentful, through no fault of their own.

I wish to add a few words about taxes, especially the general sales tax which has gone up 25 per cent. It has been said many times that this tax directly affects the consumer and will surely entail a higher cost of living. As another result—it can already be foreseen and all the newspapers have foretold it—the labour unions will request higher wages. What will happen? The increases will either be granted or they will not. If they are granted, they will have a direct effect on the cost of living, which will rise still more. If the salaries are not increased, well, a state of uneasiness will prevail amongst the working classes, an uneasiness which may well become dangerous.

The second tax levied—and it is perhaps more striking to the imagination—is the increase of 20 per cent in the income tax. Already this tax was imposed on a class of people with rather small incomes. I wish to express the opinion, if I may, that all incomes under $3,000 should not be taxed. Nevertheless the income tax is increased by 20 per cent. The poor will necessarily suffer, although taxpayers with large families have the benefit of certain exemptions based on the number of children, which is an excellent principle. It is generally acknowledged that this is all to the good. Nevertheless, in my opinion, the 20 per cent surtax is applied at too low a level of income and should have been applied to a much higher level.

There is perhaps one item that the government forgot to tax—and it was referred to this evening rather ironically—and that is alcohol and beer. This omission has evoked many a pointed and caustic remark on the part of the public. But our country's treasurer simply forgot to levy a tax on liquor and beer. Yet it would have been easy since, in my opinion, they are not essential products. They may even be harmful in some instances. Revenue from taxes on liquor amounted in 1950 to $107 million. If the two taxes I have just mentioned, that is a 20 per cent tax and a 25 per cent tax, had been added to this, the tax would have stood at 45 per cent and the revenue would have been increased by some $50 million.

I know that there is a limit to increasing levies and that any product that is too heavily taxed might not sell so well or be consumed so widely and might not bring so much revenue. The country would be no worse off if the day ever came when no liquor at all was consumed. That would be no great evil. At this point, may I recall an incident that occurred in 1942 when we were then going through a very trying period. The world was waging a war that threatened to destroy everything. We needed all our strength. I well recall that on Christmas day 1942, the late prime minister, Mr. King, took the trouble to broadcast a plea to the nation. Pointing out that we needed all our energy for the defence effort, he asked the Canadian people to abstain entirely and to practise temperance.

If that was the right thing to do then, it would certainly be all the more so now. Once again, may I say that even if consumption of liquor were to disappear because of excessive taxation, that would not be such a great evil for the country.

For some time now, the government have been requested to control prices, to take steps in order to prevent too rapid increases in the price of foodstuffs. Reference was made to controls, to a controlled economy. It was stated that there was to be no interference with private enterprise. All that is all right. Personally, I am all for it. During the last war, controls were imposed and prices were frozen.

I am a believer in free enterprise just as long as it does not deprive a certain portion of the people of their liberty. I am anything but a socialist. Needless to say, I am no communist. I should not have to assert it, in spite of what has been said in this house by the member for Iles-de-la-Madeleine (Mr. Cannon), who claims I have been repeating communistic propaganda. He need not fear; I am not spreading any communistic propaganda at all.

However, it cannot be denied that today the poorer classes are in an absolutely miserable way. If we do not wish them to rise in revolt some day, we will have to seriously consider their plight.

I wonder if the situation is really well known, if we know exactly what goes on among our poorer people? I would like to be entirely impartial. I have no wish to criticize needlessly but I do think that most of our public men are not well acquainted with the true state of affairs, do not really know what goes on in our poorer families and that, consequently, they have not much to offer in the way of suggestions towards putting things right, in order to help out those of less than modest means.

May I be permitted to make a humble suggestion. I have no illusions on that point for I know perfectly well that it will not be well received. Besides, no one is bound to accept it. To remedy the state of poverty in which a large part of our people find themselves due to the high cost of living, the government might double the rate of family allowances. I know that it would cost something like $275 million a year. It is a lot of money and it would mean new taxes. These taxes would have to be levied where they would not affect directly the poorer classes.

I was wondering a moment ago if the statesmen are really aware of the situation. Let us consider the cost of a few items taken from the list of consumer goods; milk, for example, which sells from 18 to 20 cents a quart. It costs between $5 and $6 a month to buy milk for one child, if we take for granted that a child should get a minimum of one quart of milk a day. A man having five children, infants or older children—such families are not uncommon here—he will have to spend from $25 to $30 a month on that one item.

And now butter, which sells at 70 cents per pound. Let us say that a child needs 1½ ounces per day, which is not exaggerated. It will cost $2 per month per child, or $10 for the family. Thus for those items only, milk and butter, that family will have to spend between $35 and $40 a month.

To that must be added bread, meat, vegetables and a few sweets; all of which are essential to the normal development of children. If we add clothes, shoes, etc., how can the mother of a large family in the low-income bracket give her children the bare necessities? That means privation for the children, anxiety for the parents and continuous nervous strain for everybody. Should such economic conditions persist, it is highly probable that such a family would bring up underdeveloped citizens both physically and intellectually, individuals unprepared to play their part, embittered, aroused and perhaps persecuted, of which at least a few will easily fall prey to subversive propaganda.

However true it may be, as the old saying goes, that society is no better than the family, it is one thing that is apparently overlooked in certain quarters. This is not merely an opinion but an established fact recognized by leading sociologists of all races and creeds. In seeking to make my humble contribution to this debate tonight, it is chiefly in order to champion the cause of the family, particularly the large family, the bulwark of society. I did suggest to the government a few moments ago to double the amount of family allowances as a means of protecting the family, and therefore society, in these troubled times.

Money can always be found though not always from the right source whenever preparations have to be made to prevent war. We rightly fear that an enemy from without might destroy our institutions, our freedom and our rights.

Let us not forget however that the enemy from within can achieve the same results, as surely if not as openly, by slowly undermining the very foundations of our society.

Let us give our taxation and economic policies a definite family trend; let us protect the family against too heavy taxes. Let us give it, on the other hand, the financial assistance it requires to carry on; let us spare the family the "undeserved misery" mentioned by a great pope.

When danger becomes more threatening, when a call is made for defenders of the country, where do we draw generously to ensure a continuous flow of soldiers? From the abundant source of large families.

The homeland sometimes asks from the mother the sacrifice of two, three and even four sons. It has happened during the two last wars. In return, at least, let the country be generous towards her, let the country support her in her arduous task, let the country give her all facilities in her work of salvation.

To provide for the security of our families is to provide for the security of society.

Mr. P. L. Dube (Restigouche-Madawaska): Mr. Speaker, it is indeed a pleasure to avail

myself of this opportunity of saying a few words in this house to draw the attention of the government to certain necessary projects in my constituency of Restigouche-Madawaska.

I must say with regret, Mr. Speaker, that my constituency is not receiving its rightful share of money spent in this country.

The citizens of Campbellton derive their living almost exclusively from trade within the limits of their city. It is therefore most important that transportation facilities should be improved there. This requires, above all, the erection of a bridge across the Restigouche river. At present, the majority of the people have to purchase what they need by catalogue, as there is no means of crossing the river, especially in the spring and fall, when the ferry service is suspended. That situation hampers the city's development. The only remedy is to build a bridge.

You probably heard, Mr. Speaker, that the ferry which operated between Campbellton and Cross Point on the Restigouche river was destroyed by fire. Following this catastrophe, a delegation of businessmen from that district waited on the Quebec and Ottawa governments early in April in order to convince the appropriate authorities that a bridge over that river—we have been requesting it for more than thirty years—is essential to the inhabitants of both shores.

I do not hesitate to urge the government, once again, to undertake the building of this bridge which would improve the lot of these people and link Quebec and New Brunswick in a friendly manner. The city of Campbellton boasts modern hospitals, specialists in surgery, movie houses, arenas, garages, stores of every description and so on. It is also a valuable seaport, as well as the terminal point of an important railway. However, Campbellton's industrial development was delayed by the lack of permanent communications between the two provinces.

I am convinced that if the Department of Public Works took the trouble of making an investigation, based on the representations made by civic organizations such as the town council and the chamber of commerce, they would realize the necessity of carrying out this project for the greater benefit of the people in general.

For several months, indeed for several years, the municipal authorities have been asking that a bridge be erected over the Restigouche river. The members of the committee in charge of this project had to overcome many obstacles, but they are prepared to sacrifice time and money to achieve their end, namely, the development of trade, the welfare of the farmers and the establishment of new industries.

From the political point of view, it would serve to strengthen the bonds which unite us with our northern neighbours, thus promoting national unity.

Looking at the matter from a personal point of view, we could then, when visiting Quebec, avoid a lot of inconveniences—for example, the annoyance of having to wait for the ferry, to name but one.

Allow me, Mr Speaker, to recall that we have repeatedly requested the C.N.R. authorities to erect a freight shed in the town of Edmundston. We consider this to be a very necessary project since the town has a fairly important railway terminal. I want to add that revenues from the storing of freight, for the year 1950, reached a figure of over two million dollars. According to information received from authorized sources, $50,000 has been voted for the construction of that shed. The structure we have now was built back in 1914 when the town had a population of only two or three thousand. Now the population is 10,000. Trade has grown threefold since those days. I am proud to say we are the only division in the Atlantic region to show a profit. Yet it is the division that receives the least encouragement.

Moreover our station, which was built at the same time as the shed, is in a very bad condition. It has no waiting-room, and travellers should be provided with the comfort they deserve for patronizing the Canadian National Railways.

I therefore urge the hon. Minister of Transport (Mr. Chevrier) to speed up the building of a shed and station at that point.

I think, Mr. Speaker, that I would fail in my duty if I did not also mention the plight of the potato-growers of my constituency in the past few years. The government has put a ceiling price on their product. Had it not been for the set price they could have sold their potatoes at $5 or $6 a barrel, and they would all be better off today.

I am disappointed to learn that no answer has been given to the delegation which came

to Ottawa, during the week of March 20, to meet officials of the Department of Agriculture and ask the government to include their product in the list of subsidized commodities. If the Minister of Agriculture (Mr. Gardiner) persists in his refusal to grant them the help they ask for, many of them will have to give up their farms. This would be unfortunate after all the sacrifices the farmers have made in order to improve their crops.

I am counting on the good will of the Minister of Agriculture and I hope he will reconsider his decision and help this group of citizens so worthy of all his consideration.

(Text):

On motion of Mr. Applewhaite the debate was adjourned.

BUSINESS OF THE HOUSE

Mr. Fournier (Hull): We will continue this debate tomorrow.

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

HOUSE OF COMMONS

Friday, April 20, 1951

The house met at three o'clock.

DOMINION ELECTIONS

LACK OF REPRESENTATION FROM PRINCE EDWARD ISLAND ON SPECIAL COMMITTEE

Mr. W. Chester S. McLure (Queens): Mr. Speaker, I rise on a question of privilege. At page 2173 of *Hansard* for April 19 the hon. member for Portage-Neepawa (Mr. Weir) moved that certain members comprise the special committee on the Dominion Elections Act, and then the names are recorded. The motion was agreed to. Before the motion was agreed to I asked whether my province of Prince Edward Island was represented on the committee. This question was not answered.

I find the following numbers of members representing the different provinces: Four from British Columbia; three from Alberta; four from Saskatchewan; two from Manitoba; seven from Ontario; six from Quebec; one from New Brunswick; two from Nova Scotia; none from Prince Edward Island, and one from Newfoundland. Therefore I object to the special committee on the ground that it does not represent all the provinces of Canada. My question of privilege is: Why should any one province without representation be dictated to by the other provinces?

INCOME TAX ACT

AMENDMENT WITH RESPECT TO SECRECY PROVISIONS

Mr. Stanley Knowles (Winnipeg North Centre) moved for leave to introduce Bill No. 199, to amend the Income Tax Act.

Mr. Speaker: Has the hon. member leave to introduce the said bill?

Mr. Abbott: Agreed.

Some hon. Members: Carried.

Some hon. Members: Explain.

Mr. Speaker: Order.

Mr. Knowles: Since there seems to be such unanimous consent, perhaps we could give this bill all three readings today. The purpose of the amendment proposed by the bill—

Some hon. Members: Dispense.

Mr. Knowles: —is to remove in part the restrictions as to secrecy imposed by section 121 of the Income Tax Act, which as it stands at present can have the effect of preventing a minister of the crown from giving the Senate or the House of Commons such information as it might be perfectly legitimate to ask for and obtain.

No change is made in the matter of information obtained from personal income tax returns. Such information must still be kept secret. On the other hand, this amendment would make it possible to make public, at the request of a member of parliament, any information respecting corporations obtained by the income tax division of the Department of National Revenue. Surely the salutary effect of such an amendment must be obvious.

Mr. Speaker: Has the hon. member leave to introduce the said bill?

Some hon. Members: No.

Some hon. Members: Agreed.

Mr. Speaker: Agreed. When shall the bill be read the first time? Now?

Mr. Abbott: Now.

Mr. Speaker: Next sitting of the house?

Mr. Knowles: The first time? No; now.

Mr. Chevrier: Six months hence.

Motion agreed to and bill read the first time.

DAIRY PRODUCTS

INQUIRY AS TO FLOOR PRICE ON BUTTER

On the orders of the day:

Mr. J. A. Charlton (Brant-Wentworth): I should like to know whether the Minister of Agriculture is yet prepared to make a statement as to the position of the government with respect to a floor price on butter, which will give some assurance to the cream producers of Canada.

Right Hon. J. G. Gardiner (Minister of Agriculture): I do not think I shall be in a position to make a statement until about Friday of next week.

INQUIRY AS TO DETERMINATION OF PRICE OF CHEESE TO PRODUCERS

On the orders of the day:

Mr. G. J. Tustin (Prince Edward-Lennox): Has a delegation from the Ontario cheese producers interviewed the minister recently,

and if so has any price per pound to the producer been arrived at for this year?

Right Hon. J. G. Gardiner (Minister of Agriculture): A delegation from the dairy producers of Canada interviewed me recently, and I think a separate delegation from the cheese producers, then interviewed officials in the department. As I have just stated, by Friday of next week we hope to be able to make an announcement with regard to the matter.

POSTAL SERVICE

INQUIRY AS TO REPORTED INCREASE IN LETTER POSTAGE RATES

On the orders of the day:

Mr. Gordon Graydon (Peel): I should like to ask the Postmaster General if he can give the house an assurance that the government has no thought or intention of raising the ordinary letter postage from four to five cents, as is suggested in a news item in the Montreal *Gazette* of today.

Hon. Edouard Rinfret (Postmaster General): I saw the article to which the hon. member refers. This is another of those statements that have absolutely no foundation. It is off the record and also off the beam.

Mr. Graydon: Sometimes where there is smoke there is fire.

Mr. Rinfret: Not in this case.

REVISION OF POST OFFICE ACT—DIFFERENCES IN POSTAGE RATES WITHIN CITIES

On the orders of the day:

Mr. George A. Drew (Leader of the Opposition): In view of the fact that the Postmaster General was away when I asked an earlier question which was answered by the parliamentary assistant, and in view of a further letter I have directed to the hon. gentleman, will the Postmaster General indicate whether the government intends to introduce any amendments to the Post Office Act or to the regulations, which will end the discrimination in regard to postage which now exists in Ottawa and, I understand, in some other cities as well?

Hon. Edouard Rinfret (Postmaster General): A revision of the Post Office Act will be introduced this year. When it is brought down it will speak for itself.

Mr. Graydon: If I may ask a supplementary question, will the new Post Office Act be sent to a special committee so that we shall finally have an opportunity of going into the administration of the Post Office Department?

[Mr. Tustin.]

Mr. Rinfret: No decision has been reached on that point as yet.

INCOME TAX

INQUIRIES AS TO EXEMPTION OF SPECIAL FORCE PERSONNEL

On the orders of the day:

Mr. G. R. Pearkes (Nanaimo): Now that the Canadian forces have left for Korea, could the Minister of Finance say whether the personnel will be exempt from the liability of income tax on their service pay?

Hon. Douglas Abbott (Minister of Finance): No, Mr. Speaker, it is not contemplated that there will be any exemption from income tax. As I stated in the course of my budget speech, we are introducing some special rules with respect to the tax on those in the armed forces, but I think the house is aware of my own personal view that no group should be exempt from the payment of income tax.

FLOOD CONDITIONS

OTTAWA AREA—QUESTION AS TO HOLDING BACK OF WATER AT UPPER DAMS

On the orders of the day:

Mr. George A. Drew (Leader of the Opposition): I should like to direct a question to the Minister of Public Works, of which I have not had the opportunity to give formal notice; for that reason I am bringing the question forward more by way of notice than otherwise. In view of the flood conditions in the Ottawa area, has the minister explored the possibility that the dams above the Quinze rapids near lake Timiskaming and at South Timiskaming, as well as dams lower down the river, might hold back a greater head of water, since flood conditions there are not as serious as they are in the Gatineau and other rivers tributary to the Ottawa in this area?

Hon. Alphonse Fournier (Minister of Public Works): Mr. Speaker, I have not gone into this matter with my officials, except that I did inquire of the deputy minister if there was any way of storing more water in these reservoirs north of lake Timiskaming. I understand the flow is actually over these dams, but I will have a report prepared in answer to that question and bring it down, perhaps on Monday.

Mr. Drew: Without seeking anything further from the minister at the moment, might I point out that the information I received, which was the basis of my question—and which did not come to me early enough to be presented to the minister previously—was that at these dams and at some of the lower

dams, water was being by-passed which might be held back; and it is to that question I am asking the minister to direct his attention.

Mr. Fournier (Hull): I will have a report ready by Monday. Tomorrow being Saturday, I could not bring it down then.

CHINA

ARREST OF MISSIONARY SISTERS BY CHINESE COMMUNISTS—CANADIANS ON MAINLAND

On the orders of the day:

Mr. Jean Lesage (Parliamentary Assistant to the Secretary of State for External Affairs): On Wednesday last the hon. member for Peel (Mr. Graydon) asked the Secretary of State for External Affairs if he could give some indication of the number of Christian missionaries still in Red Chinese territory. I may say on behalf of the minister that the department has no information as to the total number of Christian missionaries in China. However, there are now known to be 370 Canadians in continental China, of whom 332 are missionaries and their dependents.

Mr. Fulton: May I ask the parliamentary assistant if he or his department is in possession of any further information on the reported arrest earlier this week of further Canadian missionary sisters?

Mr. Lesage: I shall inquire and give an answer early next week.

HEALTH AND WELFARE

OLD AGE PENSIONS, FAMILY ALLOWANCES, ETC.—MANITOBA

On the orders of the day:

Mr. Jean François Pouliot (Temiscouata): On April 18 the parliamentary assistant to the Minister of National Health and Welfare answered a question concerning pensions and family allowances paid in the city of Winnipeg, and said he could not give any information in that respect about each of the constituencies in that city. I should like to know if I could get that information about old age pensions, pensions for the blind and family allowances for the province of Manitoba as a whole.

Hon. Paul Martin (Minister of National Health and Welfare): I shall be glad to look into the matter and see to what extent I can accommodate my hon. friend.

ORDER FOR RETURN

NORTH ATLANTIC TREATY SIGNATORIES AND OTHER COUNTRIES—GIFTS MADE AND RECEIVED BY CANADA

On the orders of the day:

Mr. Jean François Pouliot (Temiscouata): On Monday, March 19, more than a month ago, a question of mine with respect to reciprocal gifts as between Canada and other countries was passed as an order for return. The last paragraph read:

> What was the amount or value in Canadian dollars of each gift mentioned in the two preceding questions?

In order to simplify the work of those engaged in calculating these amounts I would ask permission to withdraw the third paragraph of that question. In order to make easier the task of those working on the answer to this question I will give an illustration of what I want to know. For instance, Canada spent $450 million on the air training plan. In return we received as a gift the wrought iron gates at the Trenton camp. It is all those facts I want to know on both sides of the picture.

THE BUDGET

ANNUAL FINANCIAL STATEMENT OF THE MINISTER OF FINANCE

The house resumed, from Thursday, April 19, consideration of the motion of Hon. Douglas Abbott (Minister of Finance) that Mr. Speaker do now leave the chair for the house to go into committee of ways and means, and the amendment thereto of Mr. Macdonnell (Greenwood), and the amendment to the amendment of Mr. Coldwell.

Mr. W. A. Boucher (Rosthern): Mr. Speaker, in rising to speak in this debate, I do so primarily as the elected representative of the Rosthern constituency, but I believe I am correct in saying that we are all elected to this democratic parliament to look after the interests of the people in all parts of Canada.

It is a privilege and a pleasure to open my address by extending warm congratulations to the Minister of Finance (Mr. Abbott) upon his great effort this year. I believe there is no more arduous position in the government of our great country than the one which he holds. I feel sure that the people of Canada, irrespective of party, appreciate the services that he has given to our country. It is quite generally known that he has served us in this difficult task at great financial sacrifice. To unthinking people who cynically criticize politicians I would throw out this challenge. Let anyone who belittles the services of those who guide our political destinies show where they have made comparable sacrifices in seeking to serve other than their personal interests. It is my hope, and I believe it is the hope of a large number of Canadians, that the Minister of Finance,

during the critical period through which we are passing, will remain in the office he now holds.

It is a pleasure to congratulate the hon. member for Edmonton West (Mr. Prudham) on his elevation to the cabinet as Minister of Mines and Technical Surveys. The minister, at a comparatively early age, has made a success of his private business, and I am confident he will extend his record of success as he continues to serve his country in public life. We of his neighbouring province of Saskatchewan will watch his career with a great deal of interest and enthusiasm.

I know that no minister and no government is happy when it becomes necessary to increase the taxes which they must collect to administer the affairs of the country. I feel sure, however, that our people will understand and appreciate the need for a greater contribution at this time. A large proportion of the people of Saskatchewan have come from the countries of central Europe. They came to Canada to escape wars and rumours of wars. They know, even better than we know, that the security of our nation, the security of our homes, is a primary need if we are to build a community of prosperous and happy people. For this reason I am sure that each person in Canada will consider it a privilege to bear his share of the cost of protecting our homes from invasion by the communists.

I take second place to no one in advocating the greatest possible measures of social security. But all our security measures would be worthless if we neglected our defences and let ourselves be overcome by the aggressive communist forces in the world. We would be enslaved without recourse. It is for this reason, then, that I am particularly proud to support a government that has given so much of its energy and ability, especially in the last year, to the preservation of peace. One of the greatest guarantees that we can have for peace is to remain united and strong with our western neighbours. The record of the government of Canada in its quest for peace is a notable one, which needs and deserves the support of all peace-loving people. We were proud to see our own minister of external affairs appointed to the cease-fire committee of the United Nations. His efforts were tireless, and I feel sure that they will yet have an important effect, even if it is not obvious at this time.

The efforts of the Secretary of State for External Affairs and of the government as a whole to preserve peace have been a sharp blow to the aggressive forces of the world which use the language of peace in order to weaken the free nations and leave them prey to the aggressive intentions of Russian imperialism. The quest for peace and the necessary action to defend our homes against communist aggression must come first in all our plans and expenditures, because these things are basic in our search for prosperity and happiness.

An important part of these basic aims includes certain developments at home to increase our production. I refer particularly to the South Saskatchewan dam and irrigation project. This project will give stability to a large section of our productive prairie land, in addition to the production from the lands which are actually irrigated. The early completion of this project will enable us to make a greater contribution to our national and humanitarian desires.

During this session we have had the interesting spectacle of an opposition which has spoken, and continues to speak, with two voices on the question of the special powers to be given our government to be used as and when needed to protect our homes. On the one hand the opposition has used extreme statements in accusing the government of trying to take undemocratic powers, while on the other hand it has criticized the government severely because the government does not use special powers more drastically. In my constituency, and in the province of Saskatchewan generally, I have found that the majority of the people trust this government to use special powers with the greatest discretion and in the interests of all our people.

The farmers of my constituency—and practically all our people, because we all live directly or indirectly from our farms—are enthusiastic supporters of the wheat board. I regret to say that the socialist government of Saskatchewan has done our farmers a great disservice by sniping continuously at the work of the board in an effort to make political capital for itself. It has thus given aid and comfort to those who are trying to break this method of marketing and to bring back the open market of the Winnipeg grain exchange. I believe our farmers will remain steadfast in support of the wheat board. They have a great fear of what could happen to them, with so much frozen and low-grade grain, if they were thrown on the mercy of the Winnipeg grain exchange or any other open market. They know that the Minister of Trade and Commerce (Mr. Howe) and the Minister of Agriculture (Mr. Gardiner) have not let them down, and I am sure that they will refuse to be stampeded into any position that will threaten the continuance of

the wheat board and the pooling system of handling and selling their grain.

Mr. Wright: On a matter of privilege, Mr. Speaker, may I say that if the hon. member is going to read his speech he had better stay away from controversial matters and not accuse people falsely.

Mr. Boucher: Take your medicine once in a while. I have been listening to you for a long time.

Mr. Blackmore: For goodness' sake tell us the truth.

An hon. Member: You can't take it.

Mr. Blackmore: Tell the truth occasionally.

Mr. Boucher: If the hon. gentleman will contain himself, I will deal with some of his statements later.

Mr. Wright: If you don't lose the page.

Mr. Boucher: With respect to the five-year contract with the government of the United Kingdom, I wish to say that—

Mr. Speaker: Order. I have already ruled that the five-year wheat contract cannot be discussed during this debate.

Mr. Boucher: I am not discussing the wheat contract with the British government, Mr. Speaker. Let me say just this. I am sorry that they did not see fit to give greater regard to the "have regard to" clause.

Some hon. Members: Order.

Mr. Speaker: Order. I have ruled that that matter is not debatable at this time, and that reference should not be made to it during this debate.

Mr. Boucher: I bow to your decision, Mr. Speaker. I will just say that I had hopes that our farmers would have received about twelve cents per bushel as a final payment on the five-year pool.

Some hon. Members: Order.

Mr. Speaker: Order. If the hon. member persists in discussing this matter, I shall be forced to ask him to discontinue his speech.

Mr. Fulton: What about having it struck out of *Hansard*?

Mr. Boucher: The farmers of Canada need the support of every hon. member of this house in their quest for a fair proportion of the national income. I am sure that the farmers of Saskatchewan could only wish that the many stories that you hear about their great prosperity were true. If the interests of the people of Canada should ever require that the type of price controls imposed in the last war be reinstated, careful consideration should be given to the position of the farm and agricultural economy. The farmers of Canada have never asked, and will not ask now, for more than a fair share of our economy, but they do ask for that.

Mr. Wylie: They are not getting it now.

Mr. Boucher: They are getting a lot more than they ever did before, Mr. Speaker. I am proud to say that. Generally speaking, the farmers of Canada never before got along as well as they have been getting along during the last few years under this government.

I am pleased to see that the hon. member for Moose Jaw (Mr. Thatcher) is in the house. Some time ago he said that every Liberal member had made promises all over our province during the last election with respect to the final payment on the five-year pool.

An hon. Member: Order.

Mr. Boucher: I am not discussing the wheat agreement. Do you want to hear an answer to what he said?

Mr. Knowles: The Speaker has ruled it out of order.

Mr. Boucher: I am not discussing the five-year pool at all.

Mr. Speaker: Order. I hope the hon. member is not going to refer to the five-year wheat pool.

Mr. Boucher: No, Mr. Speaker.

Mr. Brooks: He does not know what he is talking about.

Mr. Johnston: Who wrote that speech, anyway? He has it all mixed up.

Mr. Boucher: It is not written; it is just notes.

Mr. Knowles: The hon. member is reading every word of it, and he knows it.

Mr. Boucher: The remarks made by the hon. member for Moose Jaw (Mr. Thatcher) will be found at page 1095 of *Hansard* of March 9, 1951. That statement, Mr. Speaker, is absolutely untrue. I did not at any time make any promises.

I should now like to quote from the speech of the hon. member for Assiniboia (Mr. Argue).

Mr. Wright: You cannot quote from a former debate.

Mr. Boucher: It is reported at page 1326 of *Hansard* of March 16, 1951. He said—

Mr. Knowles: Mr. Speaker—

Mr. Speaker: Order. The hon. member must not refer to a debate in the present session. That debate was concluded and cannot be reopened at this time. I must

be firm. Hon. members must observe the rules of the house, and I hope they will co-operate with me in endeavouring to enforce them.

Mr. Knowles: The hon. member should not read his speech at all, Mr. Speaker.

Mr. Boucher: I am not reading my speech.

Some hon. Members: Oh, oh.

Mr. Boucher: May I quote what the hon. member said, Mr. Speaker?

Mr. Johnston: Not from that speech.

Mr. Speaker: Not at this time.

Mr. Johnston: The hon. member is about six weeks too late.

An hon. Member: Turn the page.

Mr. Boucher: I will not make any quotation, then, Mr. Speaker. Some time ago the hon. member asked: What kind of animal is the Liberal party?

Mr. Ross (Souris): That goes for every session.

Mr. Knowles: Put it on the order paper.

Mr. Boucher: Through you, Mr. Speaker, I want to tell the hon. member that we are not the kind of animal that will steal a constituency from a colleague.

Some hon. Members: Oh, oh.

Mr. Ross (Souris): That isn't the way we heard it.

An hon. Member: You steal from somebody else.

Mr. Boucher: The hon. member for Rosetown-Biggar (Mr. Coldwell) made some severe attacks, both in the house and over the air, on the Minister of Agriculture. These attacks were not well received and were not appreciated by the farmers of western Canada. I am sure that all the farmers of Canada know that the Minister of Agriculture is the best minister for that department that this country ever had. I am sure they all appreciate the great service that he has given to agriculture and to Canada as a whole.

I now wish to say a word about the report of the royal commission on transportation. I want to congratulate the royal commission on transportation on the thoroughness with which they have made the investigation assigned to them by this government. The implementation of this report will go a long way toward overcoming many of the inequities that have existed in the economy of the widely separated areas of Canada, and I would strongly recommend that this report be implemented as soon as possible. It will be a further step toward that greater Canadian unity which has been developing so rapidly over the past few years.

I am pleased and proud, Mr. Speaker, that my predecessor, Mr. Walter Tucker, gets credit for the great contribution he made to this matter. Mr. Tucker gets the credit in a memorandum attached to the main report of the commission by one of its three members, Dr. H. A. Innis, of the university of Toronto.

I think that we in Canada are fortunate to have such great leadership as has been given to us by this government. Our government has realized that the basis of our defence, our progress and our happiness must be the greatest possible unity of our people from the eastern shores of Newfoundland to the far-flung western islands on our Pacific coast. These are challenging times in which we live. I am satisfied—as I feel sure are the great majority of the people of Canada —that the present government will be equal to the needs of the occasion. They will measure up to our highest expectations in seeking to establish peace all over the world, on the basis of which we can make still further progress to prosperity and happiness. For these reasons I am glad to support this budget on behalf of the electors of Rosthern constituency.

Mr. J. G. Diefenbaker (Lake Centre): Mr. Speaker, I do not intend to repeat many of the criticisms that have already been made, because the views of the opposition in regard to the budget were set forth by the hon. member for Greenwood (Mr. Macdonnell) when he moved an amendment on behalf of His Majesty's Loyal Opposition. To summarize what he said on that occasion: The budget is inflationary. Large sums of money could be saved in an economy drive by the government, which would render unnecessary the application of the general sales tax. Over the past few years there has been overtaxation year by year. Finally, measures should be taken to meet the high cost of living arising from profiteering.

This has been a most unreal discussion. All the statements made by the hon. member for Greenwood, and offered as his considered criticism, have been unanswered by any member of the government. Never before in my experience in the house has the government of the day been unable to answer criticisms and has therefore remained silent, as this government has in recent days. It is all very well for the hon. member for Rosthern (Mr. Boucher) to say that everyone is satisfied—

Mr. Boucher: The great majority is.

Mr. Diefenbaker: He referred to one gentleman for whom I too have a high regard,

namely, Mr. Tucker, but he did not express the same views in the legislature that my hon. friend did a while ago; for, sir, he voted for a proposal that a larger sum of money be paid by the Dominion of Canada to help western agriculture, and in particular—

Mr. Speaker: Order. If the hon. member for Lake Centre is referring to the five-year wheat agreement, I would ask him not to do so.

Mr. Diefenbaker: Mr. Speaker, I was referring to a motion in the legislature of Saskatchewan.

Mr. Weir: Having to do with what?

Mr. Diefenbaker: I would not say anything, Your Honour, to transgress any rule, but it was difficult to resist a reference to something which had actually been stated by my hon. friend, and which, if unanswered, might leave a wrong impression.

Mr. Speaker: May I say I hope that this matter will not be discussed again during this debate? The question was raised this afternoon and has been answered, and I hope we shall not hear it again.

Mr. Diefenbaker: Before dealing in general with some matters that I should like to discuss—because the budget gives to members an opportunity of bringing to the attention of the government matters of interest to their constituents and to the people of the country as a whole—I should like to refer once more to the serious situation on the prairies resulting from a lack of the necessary freight cars to move the wheat crop, amounting to tens of millions of bushels. That problem is not answered by statistics given by the Minister of Transport (Mr. Chevrier). It is one that affects every farmer in western Canada. Having regard to the conditions which prevailed last fall, many millions of bushels of wheat are in danger of being lost entirely as a result of failure to act on the question of the supply of freight cars.

There will be serious loss to farmers everywhere unless something is done about it.

It is all very well to say that there are not as many freight cars in the United States now as there were three, four or five weeks ago, but the adverse balance of freight cars in the United States today is still a great deal more than one and a half times what it normally has been in past years. Nothing has been done about it except consultation. I mentioned the other day, and I repeat, that in 1919 a similar condition existed, and the then government of Canada appealed to the government of the United States to do something. Even today, with the month of April almost gone, I urge the government to make representations to the government of the United States to the end that something be done in this regard; otherwise something approaching disaster faces western farmers.

I hold in my hand a resolution dated April 16, which comes from a town in Saskatchewan with a population of about 400. It states that the elevators are filled; 410,000 bushels of grain are in the elevators, but there are an estimated 200,000 bushels among the farmers that cannot be disposed of, part of which is wet wheat or damp wheat. I am not one of those who over the years has believed in bringing up only such matters as are of particular interest to my own area; this is a condition which prevails, and I make an appeal that something be done before it is too late.

In view of the situation which now exists, most farmers will have to face the necessity of providing their own storage. I therefore suggest that consideration be given, as has been done in the United States, to adequate balance of payments for farm storage so that the farmers themselves will be in a position to arrange for a type of storage which will meet present needs.

The quota system has been unfair and inequitable, and the result is that in certain areas only a portion, and not a large portion, of the crop of last year has been sold. I ask the government to act immediately, and not merely by a parade of statistics. The situation is serious when one considers that 170 million bushels of wheat are unsold in the western provinces.

I now wish to say a few words about the budget. Last fall I had the honour, along with other hon. members, of attending the meetings of the commonwealth parliamentary association in New Zealand and Australia, and in passing I would pay my tribute to the bountiful hospitality and warm welcome extended to us by the governments of these two commonwealth countries. It was pointed out by one after another of the representatives there that one of the greatest allies that Stalin has in the world today is inflation. The Minister of Finance said in his address the other night that inflation was more serious in Australia than it is in Canada. That was not my view while I was there. In Canada there is almost hysterical inflation, mounting from day to day to an extent never before equalled, and with no effective action being taken by the government. The leader of the opposition referred to the condition as runaway inflation; I think it is actually galloping inflation. Nothing in particular is being done to meet the problem of the ever-declining savings measured in purchasing power of our people, those who invested their money in

insurance, those who are in receipt of pensions. Inflation has cut away almost half of the purchasing power of their savings or allowances. Great as are hidden taxes, the most objectionable of all is inflation. It undermines and destroys. Burglary is an offence; but the silent, effective theft of inflation undermines the fabric of our country—and no effective action is taken.

The situation is so serious as to merit something more than adulation of the government as exemplified by some hon. members. That provides no remedy. None of us wants a condition such as this to continue, and when there are criticisms it is because we believe they are called for in view of the gravity of the situation as we see it.

The Minister of Finance contended that the extra levy of sales tax really did not amount to anything for persons in the lower income brackets for it covers only about twenty-five per cent of the commodities purchased by those whose incomes are less than $3,000. But that is not the whole story. There is no tax on bread; yet the sales tax actually increases the price of bread to the consumer. Sales tax is imposed on the motor vehicles used for delivery, on the wrappings of the bread, on the machinery and equipment that goes into the production of bread, and so forth.

Hidden taxation is greater than ever before in our history, and it is being increased at a time when inflation is at its height. There can be no answer to the argument advanced by the hon. member for Greenwood that the increasing of the sales tax would increase prices. It has done so already. While we talk of its effects, prices rise on commodities subject to the additional sales tax.

Only in the last few days the prices of cigarettes and gasoline have been increased, and there is also the expected increase in the price of oil used for agricultural purposes. Prices of furniture and shoes are rising at a time when the government should act to meet the situation relative to inflation.

One of the means suggested by the hon. member for Greenwood was that there should be a reduction in government expenditures. The answer of the minister is: There was; we have attacked the problem. Well, of $1,992 million of non-defence expenditures the reduction has been $35 million, or just one and four-fifths cents on the dollar.

Why could not the government set up a commission similar to that advocated last year by the leader of the opposition, similar to the Hoover commission in the United States, which recommended savings of hundreds of millions of dollars in controllable expenditures? Why could this not be done, at a time when it is so necessary in the preparation of our defences?

If we do not win the fight against inflation, defence costs will mount to intolerable and bankrupting heights. We cannot beat Stalin with a 56-cent dollar and maintain incentive in our country. The other day the Minister of Finance, in clarion tones, called for action to meet inflation. But a few minutes later his voice was muffled by its own inconsistency when living costs were increased to every family in the country by the increase of the general sales tax to the extent of twenty-five per cent.

If the government had practised economy the extra sales tax would not have been necessary. I agree with the subamendment of the hon. member for Rosetown-Biggar (Mr. Coldwell) wherein he suggests that the incomes of single persons earning up to $1,500 and married persons earning up to $3,000 should be exempt from the defence surtax. I think there is justification for that position.

Exemption from personal income tax is based upon the considered opinion of government authorities as to what it costs the individual or the ordinary family to live. But when provision was made for the present exemption, on March 22, 1949, the cost of living index stood at 159·5, whereas today it is 179·5, representing an increase of about twenty-one per cent. In view of the statistics set forth in the *Labour Gazette* of March 1951, unless the standard of living of persons in low income tax brackets is to be materially reduced there must be an increase in the amount of exemptions.

Having said that, I am not going to indulge in any further criticism of the budget. The Minister of Finance said the other night in a radio speech that he thought the people were satisfied with it. That has not been my experience. I know of no family in this country in the lower income brackets that can find justification for the imposition of an additional sales tax at a time when they find it almost impossible to carry on by reason of the increased cost of living.

We need money to finance the country; that was admitted by the hon. member for Greenwood. Yes, we must meet the danger we face throughout the world, and we can meet it with an economy-minded government that will scrupulously reduce all unnecessary expenditures. What have they done? The Minister of Finance in his radio speech said in effect: Did we not reduce the number of civil servants by five per cent? When he says that, I think of the mail carriers in

various parts of the country, overworked as they were before the reduction; I think of the paltry savings effected by their removal from office and I have a suspicion that the mail carrier was chosen so that in every community the people would see at first hand that something was being done by the government to economize. In the face of reductions that could be made, and in the light of what the Hoover commission in the United States showed could be done and was done in that country, the interference with the employment of these post office employees, hard-working as they are, is not justified on the grounds of economy or otherwise.

Yesterday over the air we listened to General MacArthur in one of the most outstanding speeches made anywhere in the world since last June when, for the first time the conscience of mankind moved against international wrongdoing.

Unfortunately within the last few weeks I have been obliged to be absent from the house for some time. But I have read *Hansard* more carefully, Mr Speaker, than I do even when I am here. One thing that strikes me particularly is that members of this house know so little about what the government proposes to do with reference to international affairs that affect the people of Canada. General MacArthur said much yesterday about the need of expanding the area of warfare in Korea to the Yalu river, and about the bombing of portions of China. I am not going to enter into any controversy on these matters; they are for military men. But in such a course there are dangers that are not attributable to appeasement.

At the commonwealth conference in New Zealand, and the later one in Australia, there were representatives of every colour and race from every part of the commonwealth, and there were among them some who spoke of the need of effectively using the atomic bomb against the North Koreans. I bring to you today, Mr. Speaker, the answer of the coloured races from every part of the world, from Asia, from Africa, from other areas in the south Pacific. Every one of the coloured races represented there argued against that. They said in effect: Do not discriminate against us again. Do not use the atomic bomb a third time against a coloured race, for in doing so you will unite the coloured races everywhere in the world against the white democratic peoples. That was their message, and it is a message that I believe deserves consideration.

Yesterday General MacArthur stated his position on Formosa, which he regards as a bastion in the western Pacific. The attitude taken by the British government seems to be that, as Mr. Roosevelt and Prime Minister Churchill had made certain agreements at Cairo, those agreements should be carried out and Formosa turned over to China. I ask you, Mr. Speaker: Who in this house knows what the attitude of Canada is going to be on this matter so important to the future peace of the world? I feel that we have a right to ask that the fullest possible discussion take place on these matters in the House of Commons and not in the service clubs, that we in parliament have a right to know what our government will do on our behalf in a matter that affects the future of every Canadian and our very way of life.

What will be its attitude to Formosa with relation to the United Nations? What stand has the Canadian government taken with relation to the United Nations and expansion of the area of active warfare north of the boundaries of North Korea? These are matters the import of which concerns the salvation and future not only of people in other parts of the world but ourselves. I will give you the picture as I saw it in the commonwealth parliamentary association. There were representatives from the various provinces of the dominion. From this house there were the hon. member for Leeds (Mr. Fulford), the hon. member for Vaudreuil-Soulanges (Mr. Beaudoin), the hon. member for Prince (Mr. MacNaught), the hon. member for Selkirk (Mr. Bryce), and we were accompanied by the Clerk of the House of Commons, Mr. Leon Raymond, K.C., O.B.E. Senator Roebuck represented the other place and was chosen as the chairman of the council.

We went over there to an unofficial parliament of representatives of every part of the commonwealth. I have heard Canadians say sometimes that there is no future for the British commonwealth. Such views were answered when one after the other these men representing every religion, race and colour spoke of what the British commonwealth meant and what it would mean to the future of the world and to freedom. I think of one representative from India who spent years fighting for his national freedom, and who measured his contribution in the biographical sketch in the back of the guide by the number of years that he had been in prison. He said to me one day: Do not sell the commonwealth short. Realize that it comprises 22 per cent of the world's population and does 33 per cent of the world's trade compared with 8 per cent on the part of the Soviet republic and all the

puppets aligned with it. Freedom depends on the survival of Britain and the commonwealth.

The strength and diversity of the commonwealth are things that we do not often speak about because for some reason it is not popular to do so. These men of every race and colour asked that we ensure within the commonwealth freedom from discrimination and thereby unite every part of the commonwealth against communism. None of them seemed to consider war inevitable; but the common feeling was that as communism advances in southeast Asia and gradually stretches its hand in the direction of Australia and New Zealand the commonwealth should stand together.

They pointed out that Singapore is weak compared to the days before the last war, that all through the Malayan states communism has infiltrated, that in Ceylon a very considerable percentage of the representation of their parliament is composed of communists. I do not presume to interfere with the internal affairs of other countries within the commonwealth but when one reads of the situation in South Africa it is very disturbing in a world where communism is doing its best to enlist the coloured races in its ranks on the promise of material advantage in return, coupled with equality without regard to race or colour.

I am convinced that wherever there is anti-racialism or hunger exists there are potential breeding grounds of communism. It is for that reason that they asked, first, that each of the countries within the British commonwealth and empire eschew anything that discriminates against any race or colour. They contended too that in addition to military assistance we should do our part, not in a spirit of charity but in a spirit of Christian benevolence, to assist underprivileged peoples and thereby raise their living standards.

The other day I listened to the admirable address of the hon. member for Winnipeg South Centre (Mr. Maybank), in which he left with the members of this house a message that could have come only from the heart. He asked for the support of the Colombo plan as a means to meet the advance of communism in Asia. Those who live in the Pacific area believe that the great danger spots of communist aggression are in Asia. The attitude taken in the United Kingdom is that the danger spot is in western Germany. I am speaking only of the Asiatic situation, for that was one about which we learned particularly at the time of that conference.

[Mr. Diefenbaker.]

The yearnings of peoples suffering from hunger cannot be met by the promise of parliamentary government and democracy alone. H-bombs are not all we need fear in Asia. The H-weapon of communism is hunger. I am disappointed that Canada, having agreed to advance $25 million under the Colombo pact—a mere drop in the bucket when compared with the cost of our defence program—did not agree to send to India, at a time when 40 million people are facing starvation, the best wheat available in our country, rather than wheat that could not be milled. We should make a contribution to the welfare of the people of India now, when they need it. At the same time, if the matter is looked at from the national interest we would have been building up future markets; we would have been building up goodwill, and would have been meeting the onrush of communism which, as never before in history, challenges the future of democracy in Asia.

The representatives of various coloured races spoke English with faultless diction and with a power and eloquence that we whose native tongue is English seldom equal. These races are moved by resurgence of nationalistic pride greater than at any time in history. They want freedom to preserve their fundamental rights, by way of democratic government. They want something that will meet their material demands. Communism promises an acre of land. We cannot do that but we can help to ease the gnawing pangs of ever-recurrent hunger. When Liaquat Ali Khan spoke in this house, I wondered what he meant when he said:

> There can be no peace without removing the economic disequilibrium which keeps more than half the world in poverty and the ferment of discontent. Neither peace nor progress is possible without international co-operation.

I know now, and that is why I make this appeal. I ask the government of Canada to do something tangible in connection with the Colombo plan it has accepted before millions starve. How many of us realize that the population of the world is increasing at the rate of 60,000 a day? How many of us appreciate that if India were able to reduce her death toll by raising health standards and improving living standards, at the end of a hundred years its population would be twice the present population of the world? The increase in the world population is taking place mainly in Asia and Africa, and it is for that reason we must meet communism there. If it gains control there, world control will be an easier objective.

We have to break the stalemate of inflation which uncontrolled will emasculate our country and its efforts. At the same time

we have to accept our international responsibilities in connection with helping to raise the standards of underprivileged countries. As the leader of the opposition has said on more than one occasion, while plans to meet inflation give temporary relief, no final solution for the problem can be secured except by greater production. How are we going to get that? Some who attended the parliamentary conference spoke of Australia, of New Zealand and of Canada, great countries with tremendous resources still undeveloped. They contended that they should not be denied admission to these countries only because of their colour. They were perfectly willing to be denied admission on economic grounds and provided we had the necessary population and were developing our countries so that our greater production would help them and raise living standards elsewhere.

If we are to meet this problem of inflation—and I intend to deal with the question of immigration and will on another occasion, merely make this passing reference now—we will have to greatly increase our population within the next ten or fifteen years. Otherwise we will not be able to meet the demands that face us, nor will we be able to fulfil our responsibilities, having regard to the magnetic influence on communist peoples of a country with our vast resources. Last year 73,000 people came to Canada as immigrants, while 31,000 left Canada as emigrants. That shows that there is something wanting, something that has to be done. After all it does not mean very much to have an immigration policy under which two people are brought into our country while one Canadian leaves in the same period.

In conclusion, Mr. Speaker, I say we must meet the problem of inflation. We must do something more than bring forward statistics and say things are not as bad as they seem. Even at this time the government of this country would be doing something worth while if it were to agree to the setting up of a commission similar to the Hoover commission which did so much in the United States. For some reason or other, however, the government takes an adamant attitude toward this suggestion. In the Senate and House of Representatives of the United States members do not practise their political partisanship to the extent that one might imagine. There, in committee, without regard to party, considerable amounts were written off even the defence estimates without in any way diminishing the effectiveness of the national contribution. I feel this problem must be met, and it cannot be met by adding to the cost of living through taxation under a general sales tax, at a time when people already face the highest cost of living in history. I wonder what hon. gentlemen opposite would say if they were over here and a Conservative government were in power, with the cost of living higher than ever before. Surely, so far as our people in the low income brackets are concerned, relief should be given against an additional sales tax of 25 per cent. With effective economies practised, not 1·8 cents on the dollar economies, there would be no necessity for extra taxation, as was stated by the hon. member for Greenwood. He made that statement several days ago. Since not one minister of the crown has risen to challenge it, all one can conclude is that it is correct.

Mr. J. A. Byrne (Kootenay East): Mr. Speaker, I shall delay the house but a few minutes. Since this budget is designed to accommodate a huge war preparation, it can hardly be expected to please one and all. I am sure that it meets with the general approval of the Canadian public. The opposition members are fully aware of the necessity for raising such huge sums. While criticizing the government severely, they have offered little advice as to how such sums could be raised or should be raised. Last evening when the member for Lethbridge (Mr. Blackmore) rose in his place, I thought that perhaps he did have the solution. From the number of questions which he asked the Minister of Finance (Mr. Abbott), I fear that the Social Credit party does not have the answer either.

I agree with some hon. members that perhaps there was room for an increase on the tax on liquor, which after all is a luxury and should be used only when the necessities of life have been provided. Last year the people in the province of Ontario spent in excess of $118 million in government liquor stores. I do not believe this sum includes the amount spent on cheaper beverages such as beer and wine. A tax increase in this area could possibly have had a twofold effect. It would have decreased the consumption, and made labour available for more essential industries.

The fact that the minister has decided to allow union dues to be deducted from the total earnings for income tax purposes gives me very great pleasure. I am sure that this removes from the statutes of Canada what has been said by many, and appears to me, to be class legislation.

It has been said that the tax on electrical appliances will weigh most heavily on newly married couples. I think we must not forget the fathers and mothers who have three and four children, who do not necessarily have all these facilities but certainly have all the

budgetary difficulties of raising a large family. I feel that none can escape this terrific burden of the defence preparation; it falls heavily on the nation as a whole.

I wish to develop what I consider to be one of the prime objectives of this battle against inflation. With ten per cent of our national production going in the direction of war expenditures, and without any appreciable increase in our total national production except in terms of dollar values, a reduction in our standard of living is almost inevitable. All the money in the world cannot buy the things that do not exist. If we were to distribute every earned dollar of profits, savings, and investments to the consuming public for the next year, we would not increase the goods available. The standard of living would continue to decline until we were able to find a means of increasing production. The exception, of course, would be the amount by which we were able to import from other countries by reason of the fantastic prices we would be prepared to offer. This may sound like poor reasoning, but I am simply trying to prove that unless we increase our national production by something in excess of ten per cent we cannot escape a reduction in our living standards. This alone will not stem the rising cost of living, but at least it will provide the materials for continued high living.

It has been said many times in this house that higher wages are the cause of inflation. I challenge this assertion, Mr. Speaker. The necessity for extremely high wage demands is but another symptom of the inflation or shortage of consumer goods. You show me an establishment where wages and conditions are poor, in relation to the whole, and I will show you an inefficient operation. High priced and a high quality labour encourages the development of better machines. Labour's continued desire for better conditions has always been, and will continue to be, a stimulus to industry to mechanize and modernize. The ability of the operators of industry to pay differs widely because of world and local market conditions. The unions must be left free to strike the best bargain possible for the employees concerned. I believe that many labour leaders, and the majority of the rank and file, seldom ask for or insist upon more than industry and the general public can afford to pay. In my opinion it is yet the only equitable way to distribute the wealth of the industries whose profits depend largely upon foreign markets.

The deferred depreciation plan provided in the budget will no doubt have the desired effect of deferring expenditures on gadgets, frills and a general dressing up of the establishment. I am somewhat apprehensive of the long run effect it may have upon our standards. It will mean a further set-back in capital expenditures coming so quickly on the heels of a six-year delay consequent upon the last great war. This may have an adverse effect upon our living standards. Our rapidly increasing population, without an equal expansion of capital expenditures for increasing the productive capacity of consumer goods and farm machinery, will tend towards further shortages. This could increase the pressure on the inflationary spiral.

It has been said by leading economists, and many times in this house, that inflation is an enemy of force equal to any military power which we may face. That being so, any factors which may contribute to a lessening of production must not be overlooked, and conversely any factors which may tend to increase our productivity must be given consideration. While our valiant soldiers are fighting and dying on the battlefields, let us ask ourselves if we are doing everything in our power to win the battle against inflation on the economic field at home. It is not so much controls and a controlled economy that is needed most, but a measure of self-denial and the will to produce. How is this to be brought about? I would say first that we must make sure that the steel, which is presently in extremely short supply, is allotted in such a manner that it finds its way into the many labour saving devices and machines. We must adopt measures most likely to create amicable labour relations between employer and employee by an educational policy sponsored by our Department of Labour. I feel that this could go a long way towards the establishment of joint production committees such as were in existence during the last war, many of which are still in operation today and doing excellent work. They could discuss production problems, review individual suggestions and make awards for useful applications for labour and material savings, as is being done in many of those committees in operations that continue that plan. They could encourage industry to adopt job simplification and method studies and could work toward the abandonment of old and obsolete rules which, in many ways, strangle progress.

I would suggest the exemption from income tax of all earnings acquired on an incentive and overtime basis and of all income earned in addition to regular yearly wages and salaries. At least if this were not possible, an alternative incentive would be to reduce the taxation on such income. That is to say anyone who is prepared to put additional

effort into productive capacity will not be put in a position of pyramiding his earnings for income tax purposes, something which has a repressive effect on individual initiative.

I would suggest calling a halt to the present practice of compulsory retirement of able-bodied employees at 60 and 65 and urge re-employment of those now retired who are willing and able to take positions in industry. Women who have no family ties should be encouraged to return to industry wherever possible. But we have those who are now on statutory fixed incomes and they must be looked after at the earliest possible moment if they are to continue to suffer under this present inflationary condition. I would urge that steps be taken immediately to carry out the recommendations of the old age security committee, that supplementary payments be made and that the means test be abolished at the earliest possible moment.

Leaving the general economic scene for a moment, I wish to congratulate the hon. member for Red Deer (Mr. Shaw) who in an exceedingly able manner showed the precarious position that the western coal industry is in today. This situation is indeed serious; and before huge sums of public money are expended on such projects as the St. Lawrence waterway, I would suggest that we should make a complete and thorough survey of the economic conditions of both the far east and the far west. This is not to say that I am opposed in principle to the St. Lawrence seaway; but before accepting the scheme in toto, I should first wish to be assured that this heavy capital debt, running perhaps for generations, would not outweigh the benefits of the transportation facilities it would provide the nation. It is, of course, indisputable that water transportation is vastly more economical when the Creator and nature provide the channel; but it is quite probable that this big ditch may forever put a burden on the Canadian public.

Is it necessary at this time that the iron ore of Labrador be brought to central Canada for the production of steel for the western provinces? Would it not be advisable first to investigate the possibility of a steel industry in the west where much of this material is consumed? The coal produced in western Canada, particularly in the Fernie district, is particularly suitable for coking and blast furnace purposes. East Kootenay, of which Fernie is a part, has all the natural resources necessary for such a development; and the markets in the prairie provinces and on the Pacific coast are constantly expanding. Farm machinery production has always been a heavy user of steel, while gas and oil pipe lines will be needed in ever-increasing quantities.

There are some deposits of hematite ore in the Kootenays, and also an extremely large iron sulphide deposit, millions of tons of which have been milled and are lying in storage near the Sullivan mill at Kimberley in Kootenay East. Many more millions of tons can be produced and 500 tons daily are going into storage at that point. Generally, this iron sulphide is not considered to be a useful iron ore; but recent developments in that area, in the plans for building a fertilizer plant at Kimberley, changed the picture considerably. The roasting of iron sulphide for the production of sulphuric acid leaves a residue of iron oxide low in sulphur that can be utilized for blast furnaces. This sulphuric acid, by the way, is used in the production of fertilizer for the western provinces and export markets. Limestone, a raw material which is necessary in the operation of a blast furnace, is also available in the nearby Kootenay area.

I wish to commend this extremely important project to the attention of the house and to the government, and to ask that they give its possibilities serious consideration.

(Translation):

Mr. Paul E. Gagnon (Chicoutimi): Mr. Speaker, the budget speech, delivered last Tuesday by the Minister of Finance (Mr. Abbott), has been both a surprise and a disappointment. In fact, following the oft repeated declarations of friendship by members of the government for the labouring classes, nobody could expect that the proposed changes in the Income Tax Act would strike first and above all at the householder's budget. That is one reason for our surprise.

The unconcern, inaction and inconsistency of the authorities in the face of the present economic confusion are the causes of our disappointment.

Mr. Speaker, one of the first items of our defence program should be the fight against inflation. The government, however, is not giving that serious problem all the attention it deserves. No efficient steps have been taken to curb the excessive rise in the cost of living. What steps are suggested to prevent the situation from deteriorating even more? None, or very few. The authorities justify their inaction by repeating everywhere that other countries are faced with the same evil, that we are not the only ones who must grapple with this problem and that this thought should relieve our anxiety and put an end to our representations.

The people, especially the workers, whose salaries have hardly increased since the war, are frantic. The necessities of life have reached a fantastic price, savings disappear, pensions, annuities and allowances, everything goes.

A worried public requests the government to take steps to stem this artificial wave of prosperity which absorbs savings and forces labour unions to ask for trade controls.

Unfortunately, price and wage controls alone cannot stop inflation. Such steps can bring temporary relief but, sooner or later, unless one strikes at the root causes of this capitalistic vice, powerful forces will break loose with such fury that no one will be able to curb them. A tied-down safety valve on the boiler won't hold the steam in check very long if you keep shovelling fuel into the fire box.

The government, whose duty it is to protect the public, should find means to remove the tremendous pressure of this increase.

Waiting to see what the effect will be of the United States government's orders in that respect, is to adopt the policy of the ostrich. A people who imitate others must necessarily lag behind.

Our ministers have no right to undertake, with the taxpayers' money, experiments as costly as these when immediate assistance is needed everywhere.

It is painful to note that, as far back as 1948, when the cost of living index stood at 155·0, the bureau of statistics, following an investigation bearing on the year ending August 31, proved that in Montreal 526,000 families and independent persons, with incomes in the neighbourhood of $3,000, were unable to make ends meet and that the average deficit was $8.19.

On the whole, since the publication of this report, the cost of living index has gone up 25 per cent. It is not hard to realize the plight of housewives and breadwinners at this time when the food index has gone up by 133·9.

In five years, the cost of meat has increased fourfold, while clothing, fuel and lighting also show a sharp increase.

A remarkable fact, however, is that while the salary cheque is too small to allow for proper family nourishment, dividends declared by various companies are higher than ever, and their profits greater than ever before in their history.

The Minister of Finance—

Writes *L'Action Catholique.*

—does not seem to think that inflation has already been hard enough on the low-income taxpayers. He wants to pave the way for inflation, to help it along.

[Mr. Gagnon.]

Viewed in that light, the sales tax increase is the worst thing that could happen to the Canadian people at this time, especially those who are unable to increase their income within a short time.

As a matter of fact, the 25 per cent increase in the sales tax, besides being inflationary, adds to the existing burden of taxation. It is an anti-social, vexatious and unfair tax, that should be abolished. Levied directly on the consumer, it adds to the cost of goods in strict ratio to its fixity, but when applied at the manufacturer's level it spirals up. In most instances, the dollar thereby extorted by the treasury costs the consumer three, four and even five dollars. For instance, the publicity, the advertising which enters for a certain proportion in the cost of any product, is taxed.

This tax on advertising means a further addition to the price the customer has to pay for the goods. At the various levels, wholesaler, distributor, jobber and retailer, the sales tax is applied several times, and this accounts for the frightful spread between the factory price and the retail price. The sales tax is a dreadful evil. I believe it should be replaced by increased import duties on wine and liquor.

Both in peacetime and in emergencies there is no respite for the Canadian taxpayer who last year contributed approximately $3,600 million in municipal, provincial and federal taxes. In 1952, the tax bill will exceed $4 billion. Of this tremendous taxation in a country of 14 million people, the federal government, true to the turn of mind of our centralists, takes the lion's share, or two-thirds. There remains 20 per cent for the ten provincial governments and 13 per cent for the 4,000 municipalities of this country.

Ten years ago, for example, the taxes collected at the three levels of government barely exceeded a billion dollars, one-half of which went to the federal government. 20 per cent to the provinces and 30 per cent to the municipalities. But the situation has changed considerably. The authorities do not seem to care if the municipalities, whose administration is the closest to the population and who are therefore in the best position to help our citizens, are incapable of balancing their budget and cannot meet their obligations, having been deprived of practically all their sources of revenue.

Taxes which, normally, should fill their tills are diverted into the coffers of the federal government who uses them to further aims

infinitely more dangerous for the security of individuals and families than those pursued by municipal councils.

Those who claim that our cities, towns, and villages are not well run, since they have to report deficits year after year, forget that the property tax is practically their only source of revenue.

Far from correcting that abnormal situation, the government overtaxes our people, both directly and indirectly. The latter process, more cunning and hypocritical, is none the less quite distressing. Indirect taxation comprises chiefly excise duties on liquor, tobacco, cigarettes, automobiles, gasoline, furs, electrical appliances and countless items wrongly classed as luxuries, such as refrigerators, washing machines, radios, stoves, and so on. In many cases, customs duties add a substantial amount which has to be paid by the buyers.

The tax on home appliances is particularly hard on large families who rely on those articles to make housekeeping easier. Through this tax, an extremely heavy tribute is asked from the mother. It shows contempt for family life. The last budget is one of the worst, the most unfair people with modest means have had to bear for the past ten or fifteen years.

That was written in *L'Action Catholique* of April 12.

At a time when modern democracy should emphasize the part played by the family, the oldest organic cell in the world, and protect it because it is the best stabilizing factor, the family is overburdened with taxes.

The budget before us is directed against the family. The wealthy and the unmarried are treated with consideration but those classes of society the most in need of protection and support are burdened more heavily still.

According to a newspaper, a study by a group of economists shows that there are 150 taxes on the manufacture and sale of a lady's hat, 200 on a well-tailored dress, 120 on a man's suit and 150 on a loaf of bread.

On each package of cigarettes, the people of Chicoutimi will now pay 25 cents in taxes and over $1,000 on the purchase price of a $2,000 automobile.

For having failed to distinguish between the legal and technical aspects of our traditional economy, our politicians have passed from legitimate intervention to a deadly monopoly in the purely economic sphere. War placed all resources under government jurisdiction, it gave the state a governing hand in our economy, it transformed certain activities into public utilities and afforded an opportunity of practising paternalism, that doctrine so dear to socialists.

The dominion government always finds an excuse to lay hands on other people's money.

Since the government invaded the field of income tax in 1917, it has collected from that source a total of nearly $11 billion, to which the excess profits tax adds some $3 billion. From June 1941 to 1950, it has collected $184 million in succession duties, $30 million of which were paid in 1950. Succession duties represent the real tax on capital. Yet, we ought to maintain legacies intact and prevent the state from absorbing, bit by bit, and from one generation to the next, the wealth of the country in such a way that it can no longer maintain itself.

The moral aspect of family capital is that it represents savings, that is, privations. It represents thousands of small pleasures and diversions of which parents have deprived themselves in order to leave their children in a better position. It is immoral to tax this effort as the dominion government has done and is still doing.

It must be remembered here that the two provinces of Ontario and Quebec alone paid 73 per cent of the total of $1,300,781,000 which personal and corporation income taxes and succession duties have brought to the federal treasury in 1950. The eight other provinces paid only $346,334,000 or less than the province of Quebec alone, which paid $354,000,000.

May I be permitted, in passing, to mention that in 1948, 12,300 persons or companies from Chicoutimi county, whom it is my privilege to represent in this house, paid the federal government $2,403,000 out of a total income of $32,064,000. I might add that Chicoutimi county included, in 1948, the county of Lapointe, represented today by my hon. friend opposite. We are in fourth place among the income tax payers of the province of Quebec, after Montreal, Quebec and St. Maurice. We are therefore entitled to mention it and to voice our grievances. Why are we taxed? For war. It has become a habit with the government.

Since 1935 the Liberal party has spent billions of dollars for military purposes. War has become its specialty. The tragedy begins once more. Nothing is changed. The same actors are once again found in the principal parts. The very same generation of men and

women is once more being called upon to pay in blood and money the cost of our overseas ventures. Canada has taken its place among war-mongering nations and our ministers, unable to restore peace to the world, have decided that we would participate in the Korean conflict while awaiting another theatre of operations.

The Minister of Finance is taxing us to send our young people to their death in Asia. He is taxing us to produce planes and bombs in order that our Atlantic pact commitments may be carried out. What if the old age pension is not increased, what if invalids receive no financial assistance from the state, what if urgent works are abandoned, what if people are weary of hearing talk of massacres, rations and taxes? Those are things of no concern! We will make war alongside the United States if, when and wherever they will it, against Russia or China or anybody else.

We have lived through a period when our leaders were all but ready to canonize Stalin. Today the idea is to take him down from the pedestal where our prayers had put him.

Our leaders are wise, they have much experience. Their propaganda is clever. We fought for the freedom of nations during the second world war with our friends in Moscow. We shall fight again for freedom, but against them this time and with our friends in South Korea or elsewhere. It is always in the name of liberty that people are led to slavery. The Secretary of State for External Affairs (Mr. Pearson) chooses our enemies, and the Canadian people foot the bill for these changes. Our international policy is decided by dreamers who want Canada to put forth a war effort beyond her capacity and the Minister of Finance has to find the billions necessary to satisfy their unrestrained ambitions.

If those who are responsible for international policy worked as hard to ensure peace as they do to launch us on a new crusade, if the representatives who attend the meetings of the United Nations council gave more importance to moral values and to the true destiny of the world, if God held the place which belongs to Him in people's hearts and minds and at the meetings of the poor human beings who are vainly seeking a solution to the world's problems, there would be on this earth more happiness and welfare, less hardship and less tears. This armament race will be very costly.

[Mr. Gagnon.]

The crown has squandered the goods it had acquired with the money of the people from 1939 to 1945. Plants, ships, equipment, material which had cost hundreds of millions to the workers of the country have been sold for a few thousand dollars. Political favourites or privileged companies have been given, so to speak, water power installations, telephone and telegraph lines, equipment, etc. And now we must start all over again, building airfields, machine shops and other plants, once more with the people's money.

Once more, billions of dollars will be thrown to the four winds for the benefit of munition makers and international monopolistic profiteers.

I refuse to subscribe to such aims and to believe that it is on the battlefields of the Orient that we shall clinch the defeat of communism. We want peace, a noble, serene and dignified peace which will free our people of the crushing burden of taxes and allow them to progress in peace and honour. We wish to work, to suffer and to pay taxes to assure life but not death. I will therefore vote in favour of the amendment.

(Text):

Mr. C. W. Carter (Burin-Burgeo): Mr. Speaker, I should like to take advantage of the opportunity afforded by this debate on the budget to give hon. members of this house a brief description of my riding and to inform them of our problems and our needs, a duty which perhaps I have delayed too long.

The riding of Burin-Burgeo extends along the south coast of Newfoundland, from Cape Ray in the southwest corner to Come-By-Chance in Placentia bay and includes all the numerous islands for which this beautiful bay is noted.

History records that as far back as 1621 Placentia bay was the base of operations for the famous pirate, Captain Peter Easton, and on the picturesque island of Oderin, where he was reported to have his headquarters, a mysterious oaken floor still exists at the bottom of a small salt water pond and is considered to be one of the several engineering feats attributed to this famous sailor.

Legend has it that one of Captain Easton's ships was sunk in a battle with another famous pirate by the familiar name Cruickshank and that this shipload of treasure still rests on the ocean bottom beneath the cliffs of Cape Roger head, six miles across the bay from Oderin.

Pirate gold is also supposed to be buried in beautiful Cape Roger harbour, but all attempts to unearth it have been frustrated by mysterious water spouts. These spouts rush up through the sandy loam when the hole reaches a depth of seven or eight feet and continue to rise to a height of ten feet above sea level.

I mention these stories to emphasize the fact that Newfoundland is an old province with a history dating back centuries before that of the mainland and her communities are steeped in history and very rich in folklore.

Incidentally, I am hoping that these names may catch the attention of the Minister of Fisheries (Mr. Mayhew) because I have been trying for some time to have a guardian placed on Cape Roger river and if the salmon are not sufficiently important, perhaps the buried treasure might provide an added inducement.

The riding which I have the honour to represent is a veritable paradise for both the sportsman and the artist. All along the one thousand miles of coast line the scenery is magnificent. High rocky cliffs rise perpendicular to the sea in their stark naked and rugged beauty. Between these steep cliffs, so narrow as to be almost imperceptible, are numerous openings which run inland for miles, rivalling the fjords of Norway and ending in pools where beautiful salmon rivers cascade into the sea. In season these rivers and pools are teaming with salmon and salt water trout. A mile or so in the interior the country abounds with moose, caribou, partridge, rabbits and other game. The provincial government is already working to develop these natural attractions but it will take some time before they will be able to cater satisfactorily to the tourist business. Many fine salmon rivers are without protection of any kind, and it is hoped that before too long guardians will be placed not only on Cape Rogers river but on many others.

To get a picture of my riding you must visualize approximately one thousand miles of coast line studded with some 260 settlements perched close to the sea, their peaceful harbours dotted with tiny fishing boats riding at their moorings. Along the shore line nestling close to the sea the simple fishers' cottages though often poor and humble nevertheless extend unfailing welcome and boundless hospitality. In these 260 settlements live some 44,000 of the best people in the world, fisher folk who are the very salt of the earth. They live close to nature and close to their God. They ask so little from life in this age of materialism that their humility is both touching and inspiring. They ask nothing but the bare necessities of life, and I know from personal experience that for years many of them have had to be content with much less than that. It is a great honour and privilege to serve such people, and I pray that my efforts will be worthy of their trust.

When the great issue of confederation came up my constituents gave it wholehearted support. They remembered the time when they had to exist on a government dole of 7 cents a day. They remembered the relative prosperity of their brothers fishing out of Lunenburg, of their relatives settled in Halifax, Toronto and Vancouver. They remembered the nice things in Eaton's and Simpson's catalogues on which no duty would have to be paid. They remembered the coastal services which they had enjoyed fifteen and twenty years ago, and which they had to forfeit along with their responsible government. They looked at their dilapidated wharves and breakwaters upon which not a cent had been spent for fifteen or twenty years, and they thought of the public services, the navigational aids and communication system enjoyed by the maritime provinces.

Then they reasoned: Surely confederation will bring us back at least the kind of services we used to enjoy twenty and thirty years ago, and perhaps a little better. They pictured Canada as a young giant just beginning to realize his strength and eager to use it by extending a helping hand to a weaker and less fortunate brother. I mention all these things to dispel any notion that Newfoundlanders voted for confederation to get family allowances. That was something outside their experience, and many actually doubted their existence.

Two years have now passed, and what is the position today? I think that ninety per cent of the people are still satisfied that confederation was the wisest and best course. They know now that the family allowance is a reality, and they have had time to realize what a blessing it really is. Our children are now comfortably and respectably clad irrespective of family income, and school attendance has become stabilized at a much higher level, so that the benefits of family allowances alone as an investment in the youth of our province are sufficient to justify the wisdom of confederation.

The social benefits of unemployment insurance, old age pensions and pensions for the blind are other blessings that are very greatly

appreciated by our people, and we hope that in time it will be possible to extend unemployment insurance to include our fishermen. Then there are the federal health benefits which I understand totalled $1 million last year. In my riding alone this has helped to provide three clinical boats whereby doctors can make periodical tours of their districts, and patients requiring hospitalization can be transported to the nearest cottage hospital to receive treatment under a provincial system of subsidized medicine. A new cottage hospital is being built at Channel with federal assistance at the rate of $1,000 per bed.

Then there are the improvements to our harbour facilities, marine installations, public wharves, breakwaters, slipways and protection works. In the majority of settlements this is the first money to be spent on public works for over fifteen years. Perhaps the Minister of Public Works (Mr. Fournier) is not used to being applauded for his efforts, but I feel that my constituents would want me to voice their appreciation to his department for the sympathetic consideration which has been given to these needs, and the improvements that are being accomplished through the untiring efforts of their district engineer and a small but efficient staff. They have not been able to accede to all our requests but it is very evident that they are carrying out a well considered plan to distribute their efforts over the whole province of Newfoundland as evenly and fairly as their limited staff and circumstances will permit. In this connection I should like to urge the Minister of Public Works to increase the staff of the Newfoundland office in order to alleviate the unfair burden which now falls upon the district engineer, and thus expedite the work of his department.

In looking back on confederation I believe that at least ninety per cent of our people, and possibly more, would appraise the benefits of confederation as I have outlined them and would feel that it was the right thing to do. That is not to say, however, that there have not been disappointments, and bitter disappointments too. The greatest disappointment of all was that the substantial reduction in our cost of living, to which all had looked forward with such great expectations, failed to materialize. This was due to a rise in prices on the mainland which coincided with the date of union, together with the fact that Canadian National Railways chose to take advantage of loose wording in the terms of union to apply a system of freight rates far in excess of the preferential maritime rates which everyone, including those who negotiated and signed the terms of union, understood would apply to Newfoundland. Recently the board of transport commissioners decided this question in favour of Newfoundland, but in the meantime Newfoundlanders had paid several million dollars more than they would otherwise have paid on goods brought into the province. Mail and passenger service have improved considerably, but in spite of the improvement they are not a great deal better than the service Newfoundlanders enjoyed twenty or thirty years ago, before they were forced to give up responsible government.

Several new post offices have been opened in my riding and a fairly satisfactory service has been extended to other settlements by including them in rural water routes, a kind of travelling post office. We are grateful to the Postmaster General (Mr. Rinfret) and his efficient staff for these improvements, and for the courteous and sympathetic consideration his officials give to all our requests. However, many difficulties and even hardships arise from the fact that regulations governing postal operations on the mainland are not at all applicable to Newfoundland. A good example of this is a regulation requiring a distance of two miles between post offices. This may be all right on the mainland where settlements are connected by road, but in Newfoundland very few settlements are connected by road. In order to get to a post office one must launch a boat and row over two miles of salt water. That is quite a different matter. When the men are away fishing the women and children have to do this. In view of the hardships and dangers involved, especially in stormy weather, I feel that this regulation should be relaxed or eliminated altogether as far as Newfoundland is concerned.

Then there is the system of remuneration, which is based upon the sale of stamps. On the mainland there is probably a direct relationship between the value of the stamps sold and the amount of work the postmaster has to do. In Newfoundland there is no such relationship, because the incoming mail is usually ten to fifteen times greater than the outgoing. Family allowances have made ready cash available to parents, and a large proportion of that cash finds its way to the mail order houses. As a result the number of incoming parcels has multiplied many times. This state of affairs is likely to continue indefinitely. This increased mail order business has resulted in increased c.o.d. deliveries, insured parcels, money orders and so on, all of which have no relation at all to the stamps sold. In addition, some postmasters have to sort and distribute mail for other smaller offices which sell their own stamps. As a consequence of all these factors which do not obtain to the same degree on

the mainland, the system of remuneration based upon stamp revenue is very unfair to Newfoundland postmasters. The same is true of rental rates of post office accommodation. Probably the maximum rates are satisfactory; but when you consider that in Newfoundland soft coal costs $25 per ton, the minimum rate of $1 per month is very low when heat, light and cleaning have to be provided as well.

While I am on this subject I should like to bring to the attention of this house the plight in which our 437 postmaster-telegraphers find themselves as a result of confederation. Prior to confederation they were civil servants and as such enjoyed certain privileges such as sick leave with pay and vacations with relief operators supplied at government expense. Today as a result of confederation, though their pension rights are safeguarded by the terms of union, they have lost their civil service status and their sick leave and vacation privileges, which had considerable value in terms of dollars and cents. As a result most postmaster-telegraphers are not able to take an annual vacation for the simple reason that they cannot afford to pay travelling, board and salary expenses for a relief operator, and in consequence their health is beginning to suffer. More serious still is the plight of those who need medical treatment, surgical operations and hospitalization, and must do without because they cannot afford the cost of a relief operator.

The sad thing about this whole affair is that now no one has any responsibility for them. The Canadian National Telegraphs regard them as postmasters. They are not telegraph employees, because the telegraph company merely rents their services from the Post Office Department. On the other hand the stamp revenue is too small to qualify them as full-time postmasters, so they are only part-time postmasters and part-time telegraphers, through between the two they are full-time employees and have more than a full-time job.

There is also the erroneous idea that the salaries of these people have increased considerably since confederation. Even if this were true it would be only fair and right because the work they have to do has multiplied many times, but from my own investigation I know it is not true. About one-third are actually better off. Another third have received increases just about sufficient to offset the loss of free vacations and sick leave with pay. The remainder get exactly the same salary as before, but the loss of sick leave and vacations with pay makes them definitely worse off than before confederation. Furthermore, their telegraph duties require them to work overtime and on Sundays, for which they are unable to claim any extra remuneration. I hope the ministers concerned will do everything possible to find a remedy for this situation because this state of affairs, while it may conform to a strict, literal interpretation of the terms of union, is definitely not in accord with the spirit of union nor with the spirit embodied in the terms of union.

Another big disappointment is the lack of Canadian National Telegraph service to smaller settlements. Most of these communities expected that confederation would restore those telegraphic and telephonic communications which they enjoyed some twenty years or more ago but which they lost along with their responsible government. These hopes have not been realized, and worse still there seems to be little chance that they will ever be realized, because Canadian National Telegraphs is organized to operate on a profit basis and most of these small offices would operate at a loss.

On the other hand there is a definite need for these telegraph and telephone services, a need all the more urgent because of lack of roads and other means of communication. We all know that a good system of telecommunications is absolutely essential to progress. In my province it is also essential to offset the handicap of isolation, to send a call for medical aid in time of sickness or accidents, to enable the bank fisherman to contact his family when his ship puts into port. How can we measure human values in terms of dollars and cents? Of what significance is a monetary deficit when human lives are at stake? During the last war these little offices were the means of saving the lives of many of our airmen who had to make forced landings in out of the way places. They were also the means of forwarding much valuable information to defence headquarters concerning submarines and other suspicious craft. In fact, the excellent work done by the aircraft detection corps would have been utterly impossible without the aid of these small stations. I submit, Mr. Speaker, that these small telegraph and telephone stations constitute an essential part of our defence program. This fact alone is sufficient to justify an expansion of the system. The importance of these small telegraph offices cannot be judged in terms of their revenue, because without them the revenues of the larger offices would be much less. It was gratifying to me to learn in a recent committee on railways and shipping that the Canadian National Telegraph Company has now initiated a definite policy with regard to the expansion of these services.

The coastal services of the Canadian National Railways have increased their frequency to a little better than that enjoyed twenty years ago, but the number of ports served still totals only 73 out of 260. The ship used on the Placentia bay service has accommodation for only eight passengers, while the number requiring transportation averages around 30. I travelled on this ship and saw the terrible conditions that obtain. Passengers are forced to sit up all night huddled together in narrow alleyways or crouching on their suitcases. How could anyone with red blood in his veins help but feel a sense of indignation at seeing his fellow men subjected to such treatment? Conditions during stormy weather and the winter season are beyond description. They are made bearable only by the skill of the captain and his crew, and their general solicitude for their fellow man which often compels them to give up their berths to passengers thus sacrificing their own much needed rest and comfort.

I am satisfied that the local management is in no way to blame for this state of affairs. The blame rests with the mainland offices where policy in these matters is decided by people who, I believe, are fully aware of this situation. I realize that it must be a terrible dilemma to the Canadian National Railways to be required to operate as a private enterprise on one hand and as a public utility on the other, but nevertheless, for humanitarian reasons, these conditions which I have described from personal experience should not be permitted to exist.

The urgent need of at least three small passenger and cargo boats is apparent when it is realized that the Canadian National Railways in Newfoundland not only do not have sufficient passenger boats to take care of present traffic, but they have no spare boat in reserve in case of accident or emergency. Should one of the present ships be lost, the whole coastal service would collapse. To make matters worse, one of the ships now in service is over fifty years old and is due to be retired; another is approaching retirement age. We are all very pleased that a new ferry is being provided for the gulf service, but there is serious doubt of the wisdom of building at this time such a large ship as contemplated, requiring such extensive terminal facilities, harbour installations and improvements. Experienced captains and navigators have expressed serious doubts as to whether such a large ship can be safely manoeuvred during bad weather in the small space available in the terminal port.

On my way to attend this session I was met by a delegation from Channel and Port aux Basques, who felt that the proposed change in the location of terminals would have an adverse effect on the life of these twin towns. They expressed surprise and indignation that Canadian National Railways should finalize plans for such extensive changes without even consulting the town council or some local organization. I believe it would be wiser to build a smaller ferry, which in conjunction with the ships now in service would be big enough to take care of the peak load traffic but still small enough to use present installations. The money saved would provide for the coastal service those smaller ships which are needed just as urgently as the new ferry. Later on a second ferry might be provided if the need arose. The ships that the new ferry is supposed to release are not suitable for the coastal service because they are too big for most of the harbours and cannot be operated economically in that type of service.

In view of the important part played by the merchant navy in the two world wars, the provision of these small ships could be regarded as almost an essential part of our defence preparation. Because the need is so urgent, I plead with the Minister of Transport (Mr. Chevrier) to give serious consideration to these proposals.

Related to this subject is the case of wharfingers, of whom there are a considerable number. Prior to confederation the Newfoundland government paid these people for the handling of government-owned packages for the federal government without ingers have been required to handle parckages for the federal government without any remuneration whatever. It does not seem right morally, and it is certainly not democracy, that any person should be required to work for nothing or to give his services for nothing, even to the national government. I understand that statutory authority is lacking whereby the government is able to make such payments, but surely that is a simple matter to remedy. I trust that this little problem will be solved on the basis of what is right, rather than what is legal.

We are grateful, too, for what the Department of Transport has done to improve our navigational aids. But many more fog alarms, gas and whistle buoys and radio beacons are needed to afford our fishermen a standard of protection comparable to that enjoyed by the maritime provinces.

A few weeks ago my good friend the member for St. John's West (Mr. Browne) described to this house the terrible plight of our inshore fishermen owing to the market price of salt cod dropping from an average of $14 per quintal in 1949 to an average of $7 per quintal in 1950. Some

received even less than that. The cost of living is still on the increase, and we hope that steps will be taken to ensure that our inshore fishermen receive a fair return for their catch. In Ottawa fresh cod retails for 39 cents per pound, yet the fisherman receives only 3 or 4 cents per pound. Salt cod retails at 49 cents per pound, and the fisherman gets 10 to 12 cents per pound. I should explain, Mr. Speaker, that this fish is from the maritimes and not from Newfoundland. I understand that mainland firms are reluctant to buy Newfoundland fish from the marketing organization known as NAFEL. It is difficult to believe that processing and transportation can account for such tremendous price spreads. I feel that this is a situation which might well be investigated under the combines act.

In his reference to merchants, I am sure that the member for St. John's West did not intend to imply that all merchants exploit the fishermen. Possibly some do, but there are many who do not. Many merchants have invested their profits in the fishery and sustained heavy losses in the interests of the fishermen. There are also many smaller shopkeepers who take staggering risks in supplying for the fishery, and they get only a small commission for collecting the fish for the exporters.

Recently the restriction on the shooting of turrs was debated in this house. This is also another matter of great concern to our people for which we hope a satisfactory solution can be obtained.

I mention all these matters, Mr. Speaker, not in any spirit of complaining, but because they are a source of real dissatisfaction to a large number of my constituents and I feel I would be failing in my duty if I did not direct attention to them. Trivial though they may appear to be, nevertheless they are very important because they concern people and they represent points where our people feel that democracy has ceased to identify itself with their needs.

When Lincoln defined democracy as government of the people, by the people and for the people, he left no doubt that concern for people constitutes the very essence of democracy. Like the Sabbath, democracy was made for man and not man for democracy. I think we sometimes tend to forget this great truth. When we set up a democratic machine and try to fit man into it, when we subordinate man to profits, to political considerations, to expediency or to any other thing, how much better are we than the Kremlin which sets up the state above the individual?

We may have all the exterior trappings of democracy; we may go through the democratic motions as often as we like; but unless we are motivated by a genuine care for the needs of mankind, in our own land and everywhere else, we do not have true democracy and we fool nobody, except perhaps ourselves.

I hope that the government will be able to give favourable consideration to the matters which I have brought to their attention and which mean so much to my people. We realize that our coastal and telegraph services cannot be brought up to standard overnight; but those conditions—such as those with regard to the postmaster-telegraphers, the wharfingers, the Placentia bay coastal boat service, and the postal regulations—which are causing such unnecessary hardship should be remedied at once. Immediate action is necessary to convince our people that government is not indifferent to their needs and to restore their faith in democracy.

I should like to repeat that we are grateful for what has been done so far and we appreciate the benefits of confederation, particularly the social benefits; because we are like our brothers from Quebec in that our Newfoundland families are extremely close knit.

Here, Mr. Speaker, as an English-speaking Canadian I should like to say to my French-speaking colleagues how grateful I am for them and for the people they represent. Their way of life and the emphasis which they have always placed on those deep spiritual values symbolized by the home, the church, family ties and simplicity of life, give them much in common with the people of my own province. I should like to say that we Newfoundlanders are proud to join with them and with the other provinces in working out, under God, the true destiny of our young and vigorous nation.

I believe, Mr. Speaker, that the true destiny of our nation is to give to the world a demonstration of true democracy—an inspired democracy that will capture the hearts and minds of the millions in Asia, in India, in Africa, and in Europe who are now searching for a form of government that will meet all their needs and aspirations. These millions leave no room for doubt that they are not at all impressed by the brand of democracy that we have demonstrated to them to date.

This new democracy, this true democracy, will put people before things and service before profits. Industry and business, management and labour, will be inspired by a motive higher than profits; and out of their

sense of responsibility for the nation and their caring for the needs of people will come that creative thinking which will solve our housing problems and stabilize the purchasing power of our dollar. The labourer will give an honest day's work in return for an honest day's pay, and the individual production of real wealth will increase. Instead of shortages there will be abundance for all our own needs and plenty left over to give to those who have not. Along with our gifts we will give our hearts so that our assistance may have a spiritual value as well as a material value.

Freedom of enterprise will not be the freedom of the jungle. There will be no strikes because all disputes will be settled on a basis of what is right instead of who is right. There will be no poverty because when everyone cares enough and shares enough, everyone will have enough. Honest prices and honest profits along with increased production per man will lower the cost of living. Communism will wither in the face of this superior idea by which it will be outmoded and outlived. Self control in the individual, which in its highest form is God control, will make government controls unnecessary; because the more that people govern themselves, the less they have to be governed.

Government will present issues to the people on a moral basis instead of on an economic, legal or political basis and people will be taken into partnership with government and fully briefed for the part they have to play. Individuals and organized groups will not bargain with their votes nor try to impose their will on the nation, nor will they seek advantages at the expense of others.

In parliament there will be total honesty between parties and between members: total honesty in debate, honesty of motives and honest admission of mistakes and failures. We can best preserve peace by removing the causes of war, and most of the causes of war, Mr. Speaker, lie within ourselves. This new order cannot be built without sacrifice. Temporarily we may have to sacrifice our standard of living. We shall certainly have to sacrifice our greed, our selfishness, our ambition and our comparative moral standards. We cannot build a new world and retain the old evils. We shall all have to change; because as I am, so is my nation. We shall have to learn to live on a basis of absolute moral standards. We shall have to match our external defence program by developing our internal defences of moral and spiritual strength; and we can do that only by exercising moral judgment and by making moral decisions.

[Mr. Carter.]

This, Mr. Speaker, is my idea of true democracy. This is my blueprint for a new Canada. This I believe is Canada's true destiny. These are the things I want to fight for in my home, in my riding, in my province and in this parliament.

Mr. W. Chester S. McLure (Queens): In my first words, Mr. Speaker, I wish to congratulate the hon. member from the tenth province on his wonderful address with reference to his constituency and the province of Newfoundland. I must say that I enjoyed it greatly indeed; but I want to give him this warning. If he expects this government to fulfil the terms of confederation, he will have to be on tap each session and demand the fulfilment of each one of those terms. This I know from past experience with reference to the province of Prince Edward Island.

Canada is taking part in the present momentous struggle with communism. Military preparedness must play a large part in the administration of this government. Hence the huge budget presented to this house on Tuesday, April 10, by the Minister of Finance (Mr. Abbott). It is equally important that our domestic problems are not entirely neglected; for instance, unemployment, old age pensioners, retired pensioners, the incapacitated and the helpless. Many of these are on starvation allowances at the present time. Without any interference with military preparedness, but by real co-operation, we could become producers by using our manpower who are not physically fit for military purposes or military training, and we could thus continue —and I address this remark to the Minister of Public Works (Mr. Fournier)—public works and other essentials both for war and for peace.

A question arises, and it is heard quite often: Is Canada at war? The answer to that question by some people is yes, and by other people it is no. We have had no declaration of war since 1939 when Canada declared war. But on the other hand, we have never had a declaration of peace; therefore we must still be at war. At any rate, our soldiers and airmen are fighting today; our men are in training; our sailors and our marines are all in the fray, and we are having casualties announced among our men, and some of them have made the supreme sacrifice. I repeat we must still be at war. Still our government is making great preparations, and I hope they are making preparations for a global war, which I also hope may never come.

I am glad to note that in this budget debate Mr. Speaker has allowed a very wide latitude of discussion. This enables one to speak with reference to his own province

and his own constituency. The budget is remarkable in a great many ways. Some of the statements that we have seen in the press since the budget was brought down have called it by a great many varied names. One of them was that it is a most senseless budget. When one looks at it he considers that there are many things in it, and also many surprises. When the hon. member for Hastings-Peterborough (Mr. White) was speaking the other night I noticed he said that one of the surprises to him was the discriminatory taxation on the fur industry. Another great surprise to me was that I did not find, either in the estimates or in the speech of the minister, any amount included for damages to Prince Edward Island because of the railway strike.

The legislative assembly of Prince Edward Island in an emergency session called on September 7, 1950, asked that the dominion government be assessed owing to the failure of the government to keep the Borden-Tormentine ferry in operation during the railway strike. It was a surprise to me that no reference was made to it in the budget, and I am inclined to believe that the Minister of Finance did not know that there was an election in sight in the province of Prince Edward Island, or a reference to it would have been made in the budget, or in the estimates.

Budgets come and budgets go. Since two of them have gone by I must say that there is some record in connection with this one. The minister has the record of producing three budgets in a year and thirteen days. I think this is a record that no other minister of finance of Canada has ever held. The first two are gone with the wind, and this one is remarkable in several ways. The budget is being criticized; yet it is claimed by the government side that it is a budget for economy. Perhaps it is, but I do not wish them to economize to the detriment of commitments they have made, which should be fulfilled.

I suppose the Minister of Public Works will now blame the Minister of Finance because public works such as the dominion building in Charlottetown, which has been promised for four years and more—in fact at the last two elections—

Mr. Fournier (Hull): Did the hon. member promise it?

Mr. McLure: I suppose it will be postponed until the eve of another election.

Mr. Fournier (Hull): I am told the hon. member promised it.

Mr. McLure: I did not hear the minister.

Mr. Fournier (Hull): I am informed that the hon. member promised that public building to the people there.

Mr. McLure: I sure did; I really and honestly believed what the minister said.

Mr. Fournier (Hull): You can have faith in me.

Mr. McLure: We are waiting, and there has been no statement yet with regard to what we are to have there. I do hope that even after this budget the Minister of Public Works will get together with the Minister of Finance and treat my constituency and my province in regard to public works in the same way as he is treating his own province and his own constituency.

Mr. Fournier (Hull): We are doing a little more for the hon. member's province.

Mr. McLure: I suppose that must be treated as a hope. I might add, Mr. Speaker, that with all the power vested, as it is, in the ministers of the crown, when they start making arrangements for preparedness for war, I hope that they make a list of the provinces that have had nothing to do with the preparation for war, the supplying of materials for war—I am now speaking of the last war—and give them an opportunity to do some of that work at this time. For instance, I am hoping that Prince Edward Island will have an opportunity. During the last war, out of the hundreds of millions of dollars spent for war purposes, Prince Edward Island received something less than one-tenth of one per cent of the disbursements made to the upper provinces.

For years we have been struggling to get some further fulfilment of the terms of union. Now that provision is being made to spend vast sums of money, as set out in the estimates, for the erection of new plants, and the taking over of plants already in existence, this might be an opportune time for the government to implement the recommendations of the Andrew Rae Duncan commission of 1926. I have mentioned this matter before in connection with harbour improvements at Charlottetown, and the important recommendation respecting the marine railway slip at that city.

This marine railway slip should have been built long ago. It has been promised to us by all governments. Now would be the opportune time to have it built, because it would give our machine shops and foundries an opportunity in these days of preparation for war to do certain work on boats they have thus far been unable to do because of the lack of the marine railway slip. With the marine railway slip we could take care of the repairs connected with the Borden-Tormentine ferry service, and repairs to the

boats on the Wood Island-Caribou route. In addition to that there are in service boats such as the *Brant*, the *Saurel* and others, that are laid up during the winter, or are performing other tasks in the maritime provinces. In servicing these boats, in addition to smaller craft such as tugs, we would have a source of employment for, according to the estimate, some two hundred men annually. I say that now would be the time to make that expenditure so as to provide a service absolutely essential to Charlottetown. We need it so as to give employment to the men in the machine shops.

At the time of the last war we did obtain a few small subcontracts for the repairing of corvettes. Our men did an excellent job in all the work they had to do. However there was some work below the waterline they were not permitted to do. If some of the government contracts are to be decentralized, if some of the centralization which has worked to the detriment of the maritime provinces is to be eliminated, we would ask at this time consideration in respect to the building of this marine railway slip.

During the last war we did make repairs to some marine boats, and I am glad to say departmental records show that the workmanship was satisfactory, and that the cost of repairs done in the machine shops and foundries at Charlottetown was less than at any other point where similar repairs were done. This point in itself should be of interest to the government, and afford us an opportunity to have these public works built in Prince Edward Island, and more particularly in the city of Charlottetown.

I should like to say a few words on another matter. During the last war money was spent recklessly indeed. It was spent as Monte Carlo gamblers would have spent it, and without any incentive, apparently, to look after more than a few of the provinces of Canada while, at the same time, making it more difficult for the rest of us. However in Prince Edward Island when soldiers, sailors, fliers, food, bond purchasers and more taxes were required the people of that province did more per capita than those of any other province in Canada. That is a record of which we are proud, notwithstanding the fact that we were not given any work so that we might keep the labouring element of our population at home. They had to follow the contracts to cities in other provinces.

At six o'clock the house took recess.

[Mr. McLure.]

AFTER RECESS

The house resumed at eight o'clock.

PRIVATE BILLS

RUTHENIAN GREEK CATHOLIC EPISCOPAL CORPORATION OF CANADA

Mr. A. F. Macdonald (Edmonton East) moved the second reading of Bill No. 174, respecting the Ruthenian Greek Catholic Episcopal Corporation of Canada.

Mr. Green: Could we have an explanation?

Mr. Macdonald (Edmonton East): Mr. Speaker, the Ruthenian Greek Catholic Episcopal Corporation of Canada was incorporated by chapter 191, 3-4 George V, 1913, being a church under the jurisdiction of the Roman pontiff but following the Greek rite or liturgy rather than the Latin rite. The adherents of this church were originally made up of immigrants to Canada from the Ukraine, Poland, Czechoslovakia, Russia and other Slavic countries of eastern Europe.

Since 1913 these people have developed into fine Canadian citizens, a fact which is recognized universally throughout the country. Originally they settled in Manitoba and the other prairie provinces, but since that time these people and their descendants have spread throughout all the provinces of Canada. As a result of this great increase in their numbers, the Holy See has established two new dioceses, one for eastern Canada with a bishop resident in Toronto, and the other for western Canada with a bishop resident in Edmonton. The third diocese is the original diocese which now has spiritual jurisdiction over central Canada with a resident archbishop in Winnipeg. The apostolic jurisdiction of the archbishop resident in Winnipeg is now restricted to the provinces of Manitoba, Saskatchewan, and the sections of the Northwest Territories immediately to the north of those provinces.

As hon. members are aware, bills have also been introduced at the present session of parliament for the incorporation of the Ukrainian diocese of western Canada and for the Ukrainian diocese of eastern Canada, and are before the house at the present time. The purpose of this particular bill is to amend the original incorporating act which applied to all of Canada before the inauguration of the new dioceses, to change the name of the corporation to a name appropriate to the diocese of central Canada, and to make other minor amendments in the 1913 act of incorporation so as to accord to the diocese of

central Canada rights and powers corresponding to those given to episcopal corporations by parliament in recent years.

The bill also provides for the change of name of the corporation to "The Ukrainian Catholic Episcopal Corporation of Central Canada." I understand that the term "Ukrainian" is preferred to the term "Ruthenian" and, I am informed, more correctly describes the adherents of this church. The term "Greek" is being omitted from the name as that term, while it describes the rite, has been misinterpreted as indicating the place of origin of these people.

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

UKRAINIAN CATHOLIC EPISCOPAL CORPORATION OF WESTERN CANADA

Mr. A. F. Macdonald (Edmonton East) moved the second reading of Bill No. 175, to incorporate the Ukrainian Catholic Episcopal Corporation of Western Canada.

Mr. Green: Could we also have an explanation of this bill?

Mr. Macdonald (Edmonton East): As has been stated in connection with Bill No. 174 which has just been accorded second reading, the Ruthenian Greek Catholic Episcopal Corporation was incorporated in 1913. The church has increased very materially in numbers since that time. In consequence of this increase, the church has been divided into three dioceses each presided over by a bishop. In order to properly administer the property, business and temporal affairs of each diocese, incorporation is desirable.

The purpose of the present bill is to incorporate the diocese of western Canada which is presided over by His Excellency Bishop Savaryn at Edmonton. The diocese includes the provinces of Alberta and British Columbia, the Yukon Territory and the areas in the Northwest Territories immediately north of Alberta and British Columbia. As hon. members will observe, the bill contains the clauses customarily granted by parliament on the incorporation of a religious diocese respecting bylaws, holding of real property, transfer of property, borrowing and investment powers. I suggest that the bill be accorded second reading and referred to the committee on miscellaneous private bills where an explanation of the powers sought will be given.

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

UKRAINIAN CATHOLIC EPISCOPAL CORPORATION OF EASTERN CANADA

Mr. H. P. Cavers (Lincoln) moved the second reading of Bill No. 176, to incorporate the Ukrainian Catholic Episcopal Corporation of Eastern Canada.

Mr. Lennard: I might say I have no objection to this bill—

Mr. Speaker: Order. The hon. member for Lincoln.

Mr. Lennard: I was merely asking for an explanation.

Mr. Cavers: Mr. Speaker, this bill is presented on the petition of His Excellency Bishop Borecky who presides over the diocese of eastern Canada for the Ukrainian Catholic Episcopal Corporation. The bishop resides in Toronto, and his spiritual jurisdiction extends to the provinces of Ontario, Quebec, the maritime provinces and Newfoundland. By this bill it is sought to confer corporate entity on the diocese, and it is in accord with the usual form for the establishment of a diocese of this kind. The petitioner requests the powers in the bill to administer their property, to carry on the ordinary business of the diocese and the temporal affairs of the corporation, which are generally the management and control of the various officers, agents and servants of the corporation. I would suggest that the bill be accorded second reading and referred to the committee on miscellaneous private bills.

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

MERCANTILE AND GENERAL REINSURANCE COMPANY

Mr. H. P. Cavers (Lincoln) moved the second reading of Bill No. 177, to incorporate the Mercantile and General Reinsurance Company of Canada Limited.

Mr. Fulton: Could we have an explanation of this bill?

Mr. Cavers: This bill seeks to give incorporation to a company now carrying on business in England, which is known by a similar name. This company seeks to carry on its legitimate business of insurance and reinsurance in Canada, as they have been doing for some years in England. They merely seek subsidiary powers to carry on the reinsurance business in Canada. The types of insurance it is sought to carry on are fire insurance, accident insurance, aircraft insurance, automobile insurance, guarantee insurance and the usual types of business falling within the scope of that type of company. The bill

is drawn in accordance with the requirements of the Canadian and British Insurance Companies Act, and carries the approval of the superintendent of insurance. The bill provides that substantial amounts will be deposited with the superintendent of insurance before the company commences to do business in this country.

I would therefore suggest that the bill be accorded second reading and referred to the committee on miscellaneous private bills.

Mr. E. D. Fulton (Kamloops): I should like to make a few remarks on this bill and to ask the hon. member who introduced it if he will be kind enough when closing the debate on second reading to reply to some questions of a general nature which I should like to place before him.

Personally I welcome this bill, which on its face seems to simply seek to incorporate in Canada a company presently incorporated in the United Kingdom and which no doubt is already doing business in this country. I think that is a desirable thing to have done with these companies which at the moment are unincorporated branches of companies in other countries. I believe they should be incorporated in this country, because then shares will have to be offered to the public in Canada, and there will be Canadian directors and so on. This suggests two things. The first is the confidence of these companies in the future of Canada. The second is an increasing degree of control by Canadians over the affairs of corporations doing business in this country. These are both healthy trends, in my opinion.

The questions I should like to address to the hon. member who introduced the bill are these. First, what is the dollar volume of the annual business presently being done by the company in Canada, on the basis of which I presume it seeks incorporation? I do not imagine that if the company were doing only a small or relatively negligible amount of business in this country it would consider it worth while to incorporate. I should imagine the company hopes and intends to increase the volume of its business in Canada. If that is the object I think it is a desirable one. It is the object which on the face of it I attached to the desire to incorporate, and I should like confirmation of that fact and information as to the present volume of business being done.

Then I notice that all the persons seeking incorporation are residents of the city of Toronto. I should like to know whether any of these persons are at present directors of the company in England, or whether any person in Canada has been appointed a director of the British company. Then, coming as I do from western Canada, where we have a great interest in industrial and commercial enterprise and expansion of all sorts I should like to know whether at present the company does any substantial amount of business in western Canada and whether, in view of the increased interest the company is showing in this country, it intends to make an effort to extend its business in the west. I suppose I have certain misgivings consequent upon the fact that according to section 1 of the bill all these gentlemen are from Toronto, and I wonder if they have that intimate knowledge of and unbounded confidence in the growth of western Canada in general and British Columbia in particular which is felt by those of us who know that country well.

Mr. Gibson: On a point of order, Mr. Speaker, I wonder if the questions the hon. member is addressing to the sponsor of this bill would not more appropriately be asked in the committee to which the bill would be referred later.

Mr. Cruickshank: Speaking to the point of order, apparently there are a few members of this committee who are not as interested in protecting the interests of western Canada as others are. This is the only opportunity the hon. member for Kamloops (Mr. Fulton) will have to obtain this information. Many of us from western Canada are vitally interested in these matters. I was particularly interested, for instance, in the question of the volume of business being done in western Canada, and I was also interested in whether or not any Canadians are directors of the British company.

Mr. Fulton: I quite appreciate that it is not proper to have questions and answers at this stage, but I would point out that here we are being asked for approval of the principle on second reading.

Mr. Harris (Grey-Bruce): And you approved that in your opening sentence.

Mr. Fulton: That involves the adoption of a motion by this house. My approval would be based upon certain conclusions I have drawn from the nature of the bill itself, because we have not had a very extensive explanation by the hon. member who introduced it. Therefore before I give my formal approval to second reading I should like the answers to those questions, to confirm or otherwise the conclusions I have drawn. That is why I am putting these questions. I do not intend to take up much time or to talk out the bill, even if that were possible. I just want to place certain questions and general conclusions before the hon. member

which I would like him to either confirm or deny, following which I will be able to make up my mind as to whether or not I, as one member of this house, should approve the bill on second reading.

Mr. Speaker: On the point of order, I might say there is some substance in the point raised by the hon. member for Comox-Alberni (Mr. Gibson). However, I think I should allow the questions to stand. The hon. member who is introducing the bill may not have the information, and it might be more appropriate to get the information in committee. If the hon. member can answer the questions, I think he should be given an opportunity of doing so. At this time I might say that I do not think the questions should be repeated by other hon. members, but the hon. member for Kamloops (Mr. Fulton) has asked the questions and I will allow them to stand.

Mr. Fulton: Thank you, Mr. Speaker. There is one other matter on which I should like to make some remarks. In introducing the bill the hon. member for Lincoln (Mr. Cavers) referred to the carrying on of a general insurance business. That raises in my mind a question which is perhaps not very material, but on which he might enlighten me. I notice the name under which the company seeks incorporation is the Mercantile and General Reinsurance Company of Canada Limited. Of course, there is a fairly substantial difference between a straight insurance business, where a company accepting a direct risk charges for that risk a premium which is higher or lower in proportion as the risk is greater or less. There is quite a difference between that and the business of reinsurance where some companies who have issued policies of insurance accepting risk turn around to other groups and ask them if they will reinsure the company against a loss under the policy issued. It is quite a different type of business, and quite a different type of risk, in so far as reinsurance is concerned. The name of the company would give the impression it is going to undertake only the business of reinsurance. I would ask the hon. member who introduced the bill and made the statement, which seemed to me to imply the company was going to carry on the business of general insurance, whether there is a limitation. Does the company intend to undertake all forms of insurance, both direct and reinsurance, or will it confine its activities to one form or the other? If the hon. member can give the answers to those questions, Mr. Speaker, I for one would find them helpful indeed in making up my mind as to how to vote on the motion for second reading.

Mr. J. H. Ferguson (Simcoe North): Mr. Speaker, any insurance company will carry on a business of reinsurance. Quite often a primary writer is asked to reinsure a risk, and he will take part of that risk. To handicap this insurance company applying for a reinsurance charter by asking the representatives to state whether they are ever going into the primary writing of insurance seems hardly fair. I do not think any group organizing a company would like to pin themselves down by saying they did not intend in the future to write primary risks. They are asking for a charter now to start as a reinsurance company. As a matter of fact, practically every primary writing insurance company does a reinsurance business today.

Mr. Fulton: On a question of privilege; I am sure the hon. member would not want to take from my words an inference which was not there or which I did not intend. I did not intend to suggest that this company should be restricted to one or the other type of business. I merely asked for information as to whether they desired to restrict themselves to one or the other type of business. I was not able to gather clearly from the remarks of the hon. member who introduced the bill what was intended, and that was my only purpose in asking the question.

Mr. Speaker: Order. If the hon. member for Lincoln speaks now he will close the debate.

Mr. Cavers: Mr. Speaker, in answer to the question directed to me by the member for Kamloops (Mr. Fulton) as regards the amount of insurance which this company may undertake or which is now carried on by the company, section 7 (1) of the act provides that the company shall not commence any business of insurance until $250,000 of its capital stock has been bona fide subscribed. With regard to the amount of insurance that is already being done in this country, I am not in a position to say now how much is in force, but I would be prepared to have available for the hon. member in committee stage the amount of insurance that is now being carried.

With regard to the incorporators, it will be noted that all the incorporators reside in the city of Toronto. These gentlemen are also all solicitors, and I assume that I do not have to remind him that probably they are the original incorporators of the company. I am not able to give any undertaking as to whether they have or have not any shares in the English company. However, I think that, as solicitors, they are entitled to apply for incorporation. I hope that will be a sufficient answer to that question.

So far as western business is concerned, I am not able to say whether the company have any western business, but I am sure if they undertake to carry on business in Canada they will wish to carry on business in all parts of Canada. I am sure that they will be anxious to go into western Canada where very much fine business is done. No doubt they will wish to avail themselves of the opportunity of obtaining that business.

Speaking of the reinsurance features, I probably did not make myself clear. I think the bill in which incorporation is sought for this company provides not only for the right to reinsurance but also the right to carry on those types of insurance that are set out in section 6.

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

Motion agreed to, bill read the second time and referred to the standing committee on banking and commerce.

SECOND READINGS—SENATE BILLS

Mr. H. W. Winkler (Lisgar) moved that the following bills be read the second time:

Bill No. 178, for the relief of Leah Berniker Berger—Mr. Winkler.

Bill No. 179, for the relief of Betty Suffrin Sher—Mr. Winkler.

Bill No. 180, for the relief of Muriel Violet Marcella Barkas Sauve—Mr. Winkler.

Bill No. 181, for the relief of Lois Christine Flemming Foster—Mr. Winkler.

Bill No. 182, for the relief of Joseph Napoleon Romeo Moisan—Mr. Winkler.

Bill No. 183, for the relief of Catherine Veronica Joynt Bragdon—Mr. Winkler.

Bill No. 184, for the relief of Sarah Alice Thompson Getzler—Mr. Winkler.

Bill No. 185, for the relief of Grace Andersen Hallam—Mr. Winkler.

Bill No. 186, for the relief of Edna May Walker Green—Mr. Winkler.

Bill No. 187, for the relief of Donald George Story—Mr. Winkler.

Mr. G. A. Cruickshank (Fraser Valley): Mr. Speaker, I should like to have these bills read separately. There is a reason for that. I understand that it is not possible otherwise to ask questions and obtain the information I should like to have concerning each bill. I am sure there are other members of the house who would like to have this information as well. For instance, I fully expect the member for Comox-Alberni (Mr. Gibson) to speak along the same line.

I want to know, Mr. Speaker, how many children there are. I am giving an example of the type of information I want. I understand I cannot ask such questions if the bills are grouped. I should like to obtain this necessary information in connection with each one of these bills. I want to know how many children there are in the families, and what provision has been made for their education, both spiritual and academic. I am sure that other hon. members, particularly those from the province from which these bills come, desire to have this information to report to their constituents. I should like, Mr. Speaker, to have each bill read separately.

(Translation):

Mr. Paul E. Gagnon (Chicoutimi): Mr. Speaker, once again I wish to oppose the enactment of this legislation designed to dissolve the marriage bonds and increase the number of divorces in Canada.

According to statistics that appeared in the newspapers recently, there are fewer divorces in Canada this year. Let us rejoice over the good news.

Our duty as members of parliament, however, consists in enacting legislation that is not at cross purposes with moral law. We must protect institutions considered sacred by the Catholic church, the United church and many others.

The rule decreeing that marriage is indissoluble may seem harsh, yet it was made in man's interest. It is the best ally and indispensable guardian of family happiness. It provides for a solid foundation of the home, even before the house comes into being, since it leads those planning to marry to prepare for their future carefully.

The young man and the young woman who know that marriage is indissoluble, who have a sense of responsibility, do not doubt for an instant that marriage is something particularly great and important, to be entered into only after serious preparation.

At a time when the world is morally adrift, one has to be strong enough to go against the current. We must show ourselves fearless defenders of the family. Let our actions, and especially our legislation, impress upon those around us the greatness and beauty of Christian marriage. I believe that in doing so, we shall effectively promote the prosperity of the country, the happiness of our fellow countrymen and the salvation of their souls.

(Text):

Mr. Daniel McIvor (Fort William): It is well known, Mr. Speaker, that I am not in favour of divorce. But these bills have been thoroughly examined by a committee of intelligent members of the other place, and I do not think that we are showing good judgment by not passing them. The thing that concerns me is not the situation when a couple comes to the place where they seek

divorce. I think it is the duty of every member of this house and of every dignitary in the church to kill the thing that causes divorce, whatever that thing is. Whether it is selfishness on the part of one or of the other or whether it is a habit that creeps into the home, that thing should be crushed; and that is the thing that concerns us.

Mr. Clarence Gillis (Cape Breton South): Mr. Speaker, the hon. member who has just taken his seat has provoked my thoughts on this subject. He says he is opposed to divorce. So am I. But it is a rather peculiar situation to have the House of Commons constituted as the court of last instance which puts the final O.K. on divorce bills, accepting them like a pipe line—the whole stream of them—without ever having seen anything of the evidence, or examined it in any way, shape or form. Notwithstanding that fact, we are the people who say, in the final analysis, that these divorces are granted equally. I just cannot understand that situation.

The hon. member for Fraser Valley (Mr. Cruickshank), who wisely and courageously on many occasions rises in his place in this house and asks for the details of anything that affects the country, I think was well advised tonight when he stood up and said that at least these bills should be taken one at a time. If we have not the time to examine these bills, understand them, and make an intelligent decision on them, then we have not any right to have them here. In that connection, may I say that not so long ago there was introduced into this house a bill that had for its purpose the removal of divorce bills as such from the House of Commons and from the other place and the transferring of that responsibility not to a court in the province from which these bills come, and which is opposed to a divorce court, but to a federal court that is already established. If that were done, men who are trained in law and who understand this subject would be handling these bills and it would be done without the cost that there is today in connection with them. I think they could be handled much more cheaply in that way and without the undue publicity that there is now all through the country. This evidence goes out in book form. These cases make the best true stories that you could pick up. We argue in the house for that kind of thing, not because I believe in divorce—because I do not—but simply because I think it would make this matter much cleaner and would move it into a court administered by trained personnel, men who are better qualified than we are to make decisions.

I hate to sit in this house and be a member who accepts all of these bills en bloc and joins in putting the final O.K. of the House of Commons on them, when I have not seen the evidence and do not know whether or not these bills should be granted. For a time I served on the standing committee on miscellaneous private bills. When these bills would come before that committee I always objected to them on the grounds which the hon. member for Fraser Valley has stated. First, if there are children affected, they are the real sufferers. Second, in the province of Quebec where you can get a legal separation, if the parents are legally separated and neither is in a position to maintain the children or do not want to accept the responsibility, there are organizations which will look after the children. In some cases, however, when parents came before us we were told that this would be done as long as there was only a legal separation but that in the event of divorce these children were cut adrift, that the organizations then would not accept the responsibility for them. In many cases in which we are passing bills of this kind, we may be depriving children of the protection they are now receiving, in view of the fact that they will lose that protection in the event of a divorce being granted.

All of these things cannot be taken up, examined and decided on by laymen who merely take this business as an added responsibility and just get rid of it as fast as they can. This is a serious subject. You are dealing with the very foundation of the nation when you are dealing with family life. I still say that the hon. member for Winnipeg North Centre (Mr. Knowles) was right; he is a minister of the church. While we may disagree with him in some things, I think we shall have to agree with the principle of the bill that he presented to the house for the purpose of placing this matter in legal channels, in the hands of people who are able to handle it properly, thus getting rid of the publicity that there is in connection with it at the present time and doing away with the possibility of collusion, manipulation and all that kind of thing that goes on under present circumstances.

I just wanted to make those remarks because I think the time has come when both the other place and the House of Commons will have to consider, more seriously than they have in the past, business such as we are transacting tonight.

Mr. Angus MacInnis (Vancouver East): Mr. Speaker, I think that the discussion so far has been all out of order. The last time when similar divorce bills were before the house—I think it was a week ago tonight—a similar debate took place. I drew to the

attention of the Speaker—who at that time was not yourself—the fact that the debate was out of order. We are not debating the right of this parliament to deal with divorce cases. At the moment there is a particular point that you have to settle, namely, whether it is necessary, when an hon. member asks for it, that each bill be taken separately. But even if each bill is taken separately, such speeches as we have heard up to the present time are out of order.

Mr. Fulton: Why?

Mr. MacInnis: Because the speeches did not deal with the principle involved in the bills before the house. It is not the principle of whether—as most hon. members say when they rise in their places—we are or are not in favour of divorce. Surely, it is a silly statement for anyone to make, and particularly for a member of parliament to make, that he is in favour of divorce. No one in his right senses is in favour of divorce?

Mr. Fulton: Are you?

Mr. MacInnis: Wait a minute, and I will tell you whether I am in favour of divorce or not.

Mr. Fulton: You are going to tell us, but you say it is a silly statement to make.

Mr. MacInnis: I say it is a silly statement for any member of this house to say that he is not in favour of divorce. I am not in favour of people divorcing each other just for the sake of divorcing each other. But I do believe, sir, it is the consensus in all of the civilized countries of the world—nearly all countries have divorce laws—that when two people cannot live together in harmony, each with respect for the other, it is not only desirable but it is the decent thing to let them separate. I cannot conceive of anything more indecent than for two people to live together in the intimacy of married life when the love and devotion that brought them together in the first place have disappeared. That is the way it appears to me, and to that extent I am in favour of divorce.

Now, sir, I am making a speech myself, and I am just as much out of order as the other hon. members were. I just wanted to draw a point of order to your attention—and perhaps we had better deal first with the point raised by the hon. member for Fraser Valley (Mr. Cruickshank), whether you must, sir, at the request of any hon. member deal with each divorce case separately or, as we have always done, and as the custom has been for years, when a particular divorce case is not opposed, deal with them en bloc, because they have already been dealt with, not by people who do not know anything about legal procedure in those matters, but largely by lawyers who have become expert in dealing with divorce cases. I think, sir, that you should give your decision on the point raised by the hon. member for Fraser Valley now.

Mr. Riley: What God has joined together.

Mr. Speaker: As the hon. member for Vancouver East has said, it is not in order to discuss the principle of divorce generally on these bills. In my opinion the proper time to discuss that was when the bill to which the hon. member for Cape Breton South (Mr. Gillis) referred was before the house. The principle on which discussion can take place now is the principle involved in these bills, not on the question of divorce generally.

As the hon. member for Vancouver East has said, it has been the custom in this house to pass these bills by one motion, for the reason that the principle involved in all the bills is practically the same. It is true, as the hon. member for Fraser Valley has said, that in some instances there are children, and in other instances there are none. There is also the question which some hon. members may like to raise as to whether or not the party who has been wronged is being properly provided for. I do not know whether the act of parliament can do anything about that, but these matters can be considered in the committee on miscellaneous private bills to which these bills are referred.

As an hon. member has said, these cases have been considered in the Senate. After they receive second reading here, they are then referred to the committee on miscellaneous private bills, where the details on each case can be considered. I cannot rule that all the bills should be passed by one motion, unless the house so wishes me to do. I merely repeat that that has been the practice for a long time, but unless there is unanimous consent I will have to call the individual bills. Is it the pleasure of the house that I should call all the divorce bills which are on the order paper by one motion?

Some hon. Members: Yes.

Mr. Speaker: Is it the pleasure of the house that the motion for second reading of these bills shall be adopted?

Some hon. Members: Yes.

Mr. Green: No.

Mr. Knowles: On division.

Mr. Speaker: Carried on division.

Motion agreed to on division, and bills read the second time.

BRITISH COLUMBIA TELEPHONE COMPANY

The house resumed, from Tuesday, April 3, consideration of the motion of Mr. Applewhaite for the second reading of Bill No. 116, respecting British Columbia Telephone Company.

Mr. Howard C. Green (Vancouver-Quadra): Mr. Speaker, this bill to amend the charter of the British Columbia Telephone Company was last up for second reading on April 3. On that occasion I was able only to commence my remarks, and I am afraid I shall not be able to finish them this evening. However, I had pointed out that the Vancouver city council are opposing this bill on two grounds: in the first place on the ground that an excessive increase in capital is being sought by the company; and in the second place because under the present charter there is no protection against unreasonable charges being levied against the British Columbia Telephone Company by its parent and affiliated companies.

To deal with the question of the increase sought being excessive. In 1947, just four years ago, this company obtained an increase in capital from $11 million to $25 million. Of that total of $25 million, $5 million still remains in the treasury, although since I spoke early this month the $5 million in shares is being placed on the market. The company now asks for an increase from $25 million to $75 million, which of course would mean trebling the capital structure; if it is given this increase the result will be that in a period of four years the capital stock will have been increased sevenfold. As I said a moment ago, the company still has $5 million of the $25 million present capital; therefore, if there is the increase from $25 million to $75 million it will have available as share capital a total of $55 million unissued.

For many years they have been paying dividends of 8 per cent on their common shares. Now when they are planning to issue common shares we find that instead of getting $100 for those shares they are able to get $132.50. That means that on common stock issued at the present time and in the future they are able to get an extra third, approximately, over and above the face value of that stock.

Their published plans with regard to the $5 million in shares now in process of being issued are that $4 million is to be in common shares and $1 million in preferred shares. On the common shares now being issued the company will get $4 million, the face value, or the par value; and in addition will receive another $1,300,000, because these shares bring in $132.50 each.

Furthermore the present holders of common shares are getting share warrants which will give them the right to subscribe to these new shares now being issued on the basis of one new share for each two common shares held at the present time. On the other million dollars of the $5 million which, as I said, is being issued in the form of preferred shares, they will also get more than the face value of $100. They are receiving something like $102 per share.

So much for the capital; for that method of raising money for expansion—because, of course, the plea made for this increase is that the money is needed for purposes of expansion. But the practice of the company in financing has been not to rely upon shares alone, but to finance only to the extent of approximately 40 per cent by way of shares, and to raise the other 60 per cent by way of bonds and similar securities. So that if the company gets $55 million in share capital to use, it will be able to raise, on the 40/60 basis, an additional $82,500,000 by way of bonds. If this present increase in share capital is granted, this will give a possible $137,500,000 for expansion, plus the premiums on the shares to which I have referred, plus a very large depreciation reserve amounting to approximately $17 million at the end of 1950. So that the company will have available for expansion purposes over $150 million.

Let us look at the requirements. The sponsor of the bill said the company would require about $10 million a year for a period of ten years. Even if that is so, it means that with this increase the company will have sufficient money for at least fifteen years. But the company itself, at a hearing before the board of transport commissioners last year when consideration was being given to an application for an increase in telephone rates, said that its expansion program would be lasting until 1952, which is next year. And just a little over two weeks ago, at a hearing before the board of transport commissioners held here in Ottawa for permission to issue the five million in shares to which I referred, we find that counsel for the company said, as reported in a press dispatch of April 4, that the funds were to be used as part of an expansion program stretching into 1953—which is a matter of only two more years.

Nothing at all is said about an expansion program for a period of ten years.

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

Mr. Green: As a matter of fact even in 1949 and 1950 the company spent only approximately $8 million per year.

Mr. Applewhaite: I should like to ask the hon. member a question, because I know he has no desire to create a false impression. Was not the expansion program to 1952, to which the hon. member refers, the program referred to in the house in 1947 when the original $20 million was asked for?

Mr. Green: In any event, I do not believe the company will be able to spend $10 million a year for the next ten years. Much of the expansion has been caused by the installation of automatic telephones, and at least in the city of Vancouver that work will soon be completed.

Mr. Sinclair: We hope so.

Mr. Green: Furthermore, because of the shortage of material I do not believe it will be possible to get sufficient equipment to carry on an expansion program amounting to anything like $10 million a year. I believe if given the increase for which it is asking, the company will have enough for the next twenty years.

This would mean that parliament would have no check on the company for a period of twenty years. And remember, Mr. Speaker, that the necessity for the company to come before parliament fairly frequently has a salutary effect. It influences policy; it makes the officials more careful of the way they treat the public. I believe they fear having to come to parliament more than they fear making an application before the board of transport commissioners. In my view it would be a tragedy if the company were given an increase so large that it would not have to come back to parliament for a period of twenty years.

That is the first point upon which the city is protesting. I have not the time tonight to develop the second point which, as I said, is the need for protection against unreasonable charges by the parent and affiliated companies of the British Columbia Telephone Company. I shall deal with that when the bill comes up again.

On motion of Mr. Green the debate was adjourned.

Mr. Speaker: It being nine o'clock, the house will resume the business which was interrupted at six o'clock.

THE BUDGET

ANNUAL FINANCIAL STATEMENT OF THE MINISTER OF FINANCE

The house resumed consideration of the motion of Hon. Douglas Abbott (Minister of Finance) that Mr. Speaker do now leave the chair for the house to go into committee of ways and means, and the amendment thereto of Mr. Macdonnell (Greenwood), and the amendment to the amendment of Mr. Coldwell.

Mr. W. Chester S. McLure (Queens): Mr. Speaker, when the house recessed at six o'clock I had been dealing with some matters which were of vital importance to my province of Prince Edward Island. I have only a few more subjects to discuss, and I shall be as brief as possible in doing so.

The first matter is one that I know will please the Minister of Finance (Mr. Abbott) because, if carried into effect, it will show an annual saving for the government and the department presided over by the minister. This matter has to do with maritime freight rates. The estimates contain a large sum of money for maritime freight rates.

I wish these fellows would do their gossiping some place else, Mr. Speaker.

Mr. Speaker: Order.

Mr. McLure: I do not know whether they have the floor or whether I have. If they do not want to stay inside there is plenty of room outside. I was about to say that the Maritime Freight Rates Act has been misunderstood not only by members of parliament but by many people outside the house. It is looked upon as, and sometimes is stated as being, a subsidy to the maritime provinces. The Maritime Freight Rates Act of 1927 was brought into effect to equalize freight rates in the maritime provinces compared with those of the western provinces, and also through rates from the maritime provinces to the west. From 1912 to 1926 freight rates were increased on a basis of 92 per cent in the maritime provinces against 55 per cent over all in the western provinces.

When the Sir Andrew Rae Duncan commission made an examination of the claims of the maritime provinces one recommendation made for the benefit of the farmers was that a 20 per cent reduction be made in the freight rates they paid to bring in feed grain and other freight to the maritime provinces for the benefit of the agricultural producers. Therefore it was not a subsidy but an equalization, or an endeavour to equalize, by lowering freight rates in the maritimes so that they would be more equitable compared with those in other parts of Canada. This was of great benefit to the maritime agricultural producers. I do not know the exact amount of the benefit to Prince Edward Island, but I know it would be quite large because our farmers are large buyers of feed grain from western Canada.

My proposition is a repetition of what has already been said to the government. I

suggest that the government should build an elevator at Charlottetown so that freight might come by water from Churchill to Charlottetown, be stored in the elevator and then distributed to our farmers as required. It would mean a large saving annually. I would say without fear of contradiction that it would save the government at least a million dollars annually and give better satisfaction to the agricultural producers of Prince Edward Island. I am not going into the details of the elevator that we hope will be built as has been promised to us. The matter has been placed before the government on several occasions, and I know very well that it will be of great benefit to our farmers. It will be appreciated by them, and all the maritime provinces will support it in parliament.

Furthermore, members from the vicinity of Churchill will also give it their fullest support. If it is possible to do so at all, I would plead with the government to give the matter the fullest consideration at this time having regard to what it will do for the maritime provinces, particularly Prince Edward Island, if the elevator is built, and the great benefit it will be to our agricultural producers.

Mr. Ward: Might I ask a question? Would the farmers of Prince Edward Island be able to use a full boatload of grain?

Mr. McLure: I did not quite hear the hon. member's question.

Mr. Ward: Would the farmers of Prince Edward Island be able to use a full boatload of grain, three or four hundred thousand bushels?

Mr. McLure: Of course it would depend on the size of the boat. It might be a very small boat.

An hon. Member: How about a whaleboat?

Mr. Knowles: That is a whale of a good answer.

Mr. McLure: Along with others you will have an opportunity to discuss it later.

Mr. Ward: I might say that I am all in sympathy with the suggestion of building an elevator at Charlottetown, but it would be necessary for the people of Prince Edward Island to be able to use a boatload, three or four hundred thousand bushels of grain.

Mr. Sinclair: They would put potatoes in it.

Mr. McLure: That would be a mere bagatelle with the livestock they have in the province of Prince Edward Island.

Mr. Ward: I am very pleased to hear it.

Mr. McLure: I am sure of that. Another problem that has been laid at our door recently with which I want to deal has to do with transportation. I might say that transportation is vital to any island province such as ours, and the same will be said later on of the island province of Newfoundland. The problem with respect to Prince Edward Island to which I wish to refer is not of our own making. Canadian National Railways have condemned the Hillsboro bridge leading from Charlottetown to Southport, a distance of a mile. I am sure that when they condemned it they must have had something else in mind in order not to shut off all traffic from Charlottetown to the southern part of the island. True, we have another way of shipping our freight, a detour from Charlottetown to Murray Harbour which is a much longer route. Passengers coming from Murray Harbour to Charlottetown, a distance of fifty-six miles, can come as far as the bridge to Southport. Then they have to get out of the cars, walk the rest of the distance, hire a taxi or get a bus in order to travel to the city of Charlottetown.

I mention the matter at this time because I understand that Canadian National Railways are negotiating with the government of Prince Edward Island. It is a proper time for these negotiations to go on because when the trans-Canada highway is being built that will be the time to rebuild the Hillsboro bridge from Charlottetown to Southport. It was an old bridge that was finished in 1904. As I have said before in this house, the top part of the bridge was fifty years old before it came to us, having been brought from the Miramichi river. However, it stood the test up until the present time. Now we expect that the Canadian government through the Canadian National Railways will build a new bridge there. With the completion of the trans-Canada highway they must cross in the region of the Hillsboro bridge at some point to go to the terminal of the line and also to connect with the Wood Island-Caribou ferry. I will leave that matter with the government but I did wish to draw it to their attention at this time.

Having mentioned those problems I have one more, in connection with the fisheries and fishermen of Prince Edward Island. During a storm last autumn the breakwater at the best fishing port in Prince Edward Island, namely North Rustico, was badly damaged. That breakwater is the only protection we have for the processing plants, the fishing plants and the homes of the fishermen. Had the storm not subsided just when it did all those plants and homes, as

well as the two range light, would have been carried out to sea. Kind Providence was good to us and the storm subsided, but it left the breakwater in a very dilapidated condition. Some 150 feet were carried away, and the rest was left in bad shape. Now the government are looking it over to see what can be done, and I understand some work has commenced already. I would suggest that the Minister of Fisheries (Mr. Mayhew) get in touch with the Minister of Public Works (Mr. Fournier) and have this harbour thoroughly inspected from the point of view of what will be of lasting benefit to the fishermen of this port. I need say no more on that matter, but I do hope consideration will be given the interests of those people. I understand from fishermen who have spent their lives there that the work being undertaken now will not be satisfactory. They are afraid the tides may be somewhat altered and that as a result the harbour will be filled with silt and sand. Even today it is hard enough for the boats to get to and from the fishing grounds. I hope both departments will take this matter into consideration.

In the few moments remaining at my disposal I want to mention one other matter, and I shall be very brief. I refer to the mail carriers in Charlottetown in my constituency and the mail couriers in Queens county. The new regulations brought in by the Postmaster General (Mr. Rinfret) have worked a great hardship upon these most faithful public servants. Under the new regulations, which were put into force with the idea of saving a few dollars, the position of the mail carrier has been affected for the worse. I had a letter from one of them today who says he is now compelled to serve 600 boxholders or residents of the city whereas previously he had to serve only 430. There is just one delivery a day, of course; but because of the large quantity of mail that must be handled these men have to go to work at 6 or 6.30 in the morning and are not through until 4.30 or 5 o'clock in the afternoon. In addition no recognition is given for the number of years they have served. Many of these men are veterans of the first war. The man from whom I had the letter today says that with the extra ground he has to cover and the extra mail he has to carry he finds it very difficult to continue his work from day to day.

As far as the rural mail couriers are concerned, the government has adopted a method under which they try to force down all tenders to the lowest possible figure. They call for tenders. After they are received those tendering get back a letter saying, "We find your tender rather high. Can you reduce it?" I always understood that when tenders were called and opened, if the sureties were satisfactory the lowest tender would be accepted. Today very few mail couriers in my province, and particularly in my constituency, are even making a living wage when you consider their taxes and expenses. These men are becoming dissatisfied, and I do not wonder at it. At the same time I must say that our city mail carriers and country mail couriers are the finest class of individuals in Canada. If the department were so eager to make a saving I think they might have started with the top salaries instead of with the lower ones. I am sure that if even a small cut had been made at the top it never would have got down to the low brackets, because the objective would have been gained long before that. But it is always the same old story; when any economies are to be effected the department begins with the lower paid individuals. This does not make for good citizenship, because it breeds discontent among those people. I hope the Postmaster General will not carry this too far, because even now you hear things said that could not be placed on record because they are hardly parliamentary.

I see my time has almost expired, and in closing I want to make just one statement. In view of the facts I have brought forward this evening I believe it is my duty to insist and demand that our province be treated fairly and squarely. I know the people of Prince Edward Island would not desire me to beg, or to ask for any favours or handouts from the government. They do expect me, however, as the elected representative of both Liberals and Progressive Conservatives in my riding, to demand just and fair treatment, and the implementation of all the promises that have been made to my province. So I will demand that the federal government fulfil its pledges, political and otherwise, as well as the terms of confederation, as long as I am a representative from Prince Edward Island.

Mr. H. P. Cavers (Lincoln): Mr. Speaker, in rising to take part in this budget debate, my first words must be those of commendation and appreciation of the Minister of Finance (Mr. Abbott), who for the past three or four years has carried on faithfully and earnestly in his duties as supervisor of the financial structure of this country. I would be remiss if I did not mention his parliamentary assistant, who has given him a great deal of assistance in the matters which he has carried out.

The budget which was brought down by the minister a few days ago I find has been accepted by the people of Canada. The

people of Canada are aware of the serious international situation with which we are confronted. They are ready to submit themselves to the additional taxes which must be levied upon them in order that the preparedness program may be met by the federal treasury. Even though we have before us at all times the serious international question, I believe that we should not lose sight of certain domestic problems which we have in this country. It will be my purpose tonight to point out to this house, and to other legislative bodies, a serious domestic problem which is the concern of the constituency I represent. I refer to the great menace of erosion.

In speaking on this particular subject, I ought to point out the geographical location of the constituency of Lincoln. We are the greater part of the Niagara peninsula, bounded on the north by lake Ontario, on the east by the Niagara river, on the west by the county of Wentworth, and on the south by the great industrial county of Welland and the Niagara escarpment. The county of Lincoln is a rich alluvial plain which slopes from the Niagara escarpment towards lake Ontario. In addition to the great industrial city of St. Catharines, we have the fertile lands which abound in this area. The farmers of our area cultivate the best peaches, pears, cherries, grapes and vegetables grown in the Dominion of Canada. However, they depend to a large extent on the products of the soil for their livelihood. It is an intensively cultivated area, and constitutes the major fruit and vegetable growing area of the province of Ontario.

Lake Ontario is the smallest of the great lakes, having a total water surface of about 7,500 square miles. Its length, from Burlington to the easterly end near Kingston, is 193 miles, and it has a breadth of 53 miles. The easterly portion of the south shore of the lake is exposed to northerly winds. A prominent cliff occurs along much of the shore, having a height of some 20 to 30 feet which gradually decreases to the west and gives way to a sandy shore. The water level of lake Ontario has been increased to some extent in the last ten years, owing partly to the fact that two diversions have occurred in lake Superior for the purpose of developing power. One of the diversions is referred to as the Ogoki diversion, and the other is the Long Lac diversion.

At these two points additions of water are permitted to go into the great lakes system, which has the effect of raising the water level of lake Ontario about 4 inches. I am told that the full effect of these diversions will not be felt on the great lakes until about 1956. It is true that some water is abstracted from the great lakes system at two points, Chicago and Tonawanda. The Chicago drainage canal, built about 15 or 20 years ago, takes some water from the great lakes system and lowers the level of lake Ontario by about 1·8 inches. The New York state canal, which diverts about 100 cubic feet per second, takes water from the Niagara river at Tonawanda but returns it again by way of the Genesee river near Buffalo, so the difference in the supply of water at this point is relatively negligible. However, we have placed a gut dam in the St. Lawrence at the head of the Galop rapids and the flow of water from lake Ontario has been retarded to some extent which has the effect of raising the water level by another 5 inches.

These mechanical changes are not the only factors which raise the water level, as additional height is given by reason of evaporation and precipitation. This gradual rise in the water level has a tendency to bring about a resultant wave of destruction which has caused the banks of lake Ontario to recede to a considerable extent. I am most concerned with that part along the southern shore of lake Ontario. In 1949 a survey was conducted by Dr. G. B. Langford, professor of mining and geology at the university of Toronto. This work was undertaken with the approval of the department of planning and development of the province of Ontario. Dr. Langford has published his report, which I have before me, dated May 1, 1949. It sets forth the rate of recession along the shore line of the southern part of lake Ontario. I refer to Dr. Langford's report and deal specifically with the townships, proceeding easterly from the Niagara river inward towards the city of Hamilton.

In Niagara township, the shore line from November, 1935, to December, 1949, has receded at the rate of 4·7 feet per year. In the township of Grantham in the period between September, 1936, and November, 1946, the shore line has receded 5·9 feet per year. For the township of Louth, the recession has been to a lesser degree. From December, 1922, to April, 1942, it was at the rate of 3·5 feet per year. By a reference to this report it will be noted that the easterly twelve miles of the shore line has been receding at the rate of 5 feet per year. There has been a loss along the other end of the peninsula of about 6 feet per year, or a loss of 3 acres of land per year over a period of five years. You may say that 13 acres is a relatively small thing, but in the 160 years during which farm operations have been carried on in the Niagara peninsula, there has been a loss of

2,000 acres of land, 13¼ square miles of valuable, arable land. There are farmers who state that they have lost one or more rows of fruit trees in a period of five years. As the population of our country grows there will be an increased demand for the type of farm produce that can be grown only in our particular area. It is imperative that we should protect every square foot of it. It is a limited national asset which, once gone, cannot be replaced.

There are those who, by individual effort, have endeavoured to solve this problem. Some individuals along the shore line have endeavoured to erect breakwaters and have deposited rock in order to erect groins jutting out into the lake. Their efforts have been rewarded to some extent. Where this work has been done, you will see small promontories extending out into lake Ontario. Then there were others who banded themselves together in an association known as the Ontario Shore and Beach Preservation Association.

The object of this association was to urge upon governments the formulation of a plan to combat the serious menace of erosion in the province of Ontario. The association did not pick out any particular area. Being a province-wide association, it was necessary that they should commence and continue their work on a province-wide basis. But their work was not in vain, for they were successful in obtaining the report of a special select committee on conservation in the province of Ontario; they also have for their efforts the report which I have read, undertaken by Dr. Langford. The opinion seems to have become more prevalent of late that this matter is not one for the individual but rather is one of public responsibility. A project of this kind to save the shore line and particularly valuable lands in this area should not be undertaken by the individual but is a matter for collective work. It is a public responsibility. Dr. Langford in his report has recommended that there should be placed out in the lake, groins which would tend to collect sand deposits about them and produce a wider sandy beach.

I think that the time is opportune for work of this kind to be undertaken in our particular area. The Niagara power diversion plan is about to be commenced by the Ontario Hydro Electric Power Commission. In commencing this work they will endeavour, within the next few months, to develop an open cut extending from Chippawa north through the Niagara escarpment and opening again on the Niagara river at Queenston. This would seem to be a most advantageous time to commence work of this kind.

[Mr. Cavers.]

I would suggest—and such suggestions have been made to the Ontario Hydro Electric Power Commission that they should provide the rock for an undertaking of this kind. There is a local rumour to the effect that the rock may be dumped on valuable lands in the area. I hope that this rumour is not well-founded, because such action would ruin many of the valuable lands in that particular area. The Ontario Hydro Electric Power Commission have done something to provide additional beauty for their power house at Queenston, in the establishment of the finest floral clock on the North American continent. I would hope that they would not with the one hand build up an edifice of this kind and with the other hand wipe out that advantage by destroying the landscape of the lands in our particular area. Furthermore, they would save investment in lands required for this purpose. In the course of my remarks I shall not attempt to assess the cost of such an undertaking. It would be ridiculous for me to attempt to assess costs of this kind because in this day of fluctuating prices and increasing costs any such attempt would have but little meaning. I propose, however—and such proposals would be made—that the Hydro Electric Power Commission of Ontario might donate the rock. I urge upon the Minister of Resources and Development (Mr. Winters) that the federal government should assume 25 per cent of the cost of this undertaking. I also urge upon the provincial government of Ontario that 25 per cent of the cost should be assumed by them. The adjoining townships or municipalities have already intimated that they are prepared to contribute 25 per cent of the cost; and the owners of adjoining lands on the lakefront have already undertaken and agreed to supply the remaining 25 per cent of the cost of this work.

Some years ago the government of the United States recognized the problem of erosion. By public discussion results have been obtained in the formulation of policies which will deal with this problem. European countries on the north Atlantic and on the North sea, for some years "have been fighting the eroding seas". I think that we in Canada must accept this public responsibility, and that this is a most opportune time to make a beginning on the south shore of lake Ontario.

Mr. F. E. Lennard (Wentworth): Mr. Speaker, as one who has not much time for the repetition which takes place in this house, I find myself at a loss for words this evening. I might say that the hon. member for Lincoln (Mr. Cavers) has practically taken the words out of my mouth.

Mr. Gibson: Then say, "me too."

Mr. Lennard: This is not a new subject with me. I have brought it to the attention of this house on one or two occasions previously. I must compliment the hon. member for Lincoln for making a fine presentation of this problem which is of great concern to the counties of Lincoln and Wentworth and to other adjoining properties. At a meeting of the Lake Shore Erosion Conference, held in Toronto in March, 1948, the following resolution was passed:

> Resolved that this organization ask the provincial and federal governments to instruct their engineeers to make a survey of the erosion on the great lakes and report with a recommendation for a remedy; and in this report be included a report on the effects of the Ogoki and Albany river diversions on the level of the great lakes.

While this resolution went forward at that time to the Ontario government and to the federal government, the latter have disclaimed any knowledge of ever having received it. As has just been said by the hon. member for Lincoln, however, the Ontario government appointed Mr. G. B. Langford, and he made a survey and a report several years ago. I have always claimed that the federal government should assume a portion of the responsibility because it was only a few years ago that a former premier of Ontario approached the federal government and persuaded them to legalize the diversion of waters from the Ogoki and Albany rivers into the great lakes system which means, as the hon. member for Lincoln has just said, that there is flowing into the great lakes system some 1,700 cubic feet per second of additional water that formerly flowed towards James bay and the Arctic circle. It is argued by many engineers that this diversion had a great deal to do with the higher levels that we have experienced during the past several years.

In the immediate vicinity of Hamilton beach and Van Wagner's beach just a few months ago they experienced a great deal of trouble, and many houses have been practically washed away. The common answer to that is: Well, they should not have built so near the shore line. In many instances the older houses that were built years ago were built a considerable distance from the shore line at that time, but because of this constant erosion, in some instances up to six and often nearly seven feet a year over the past fifteen or twenty years, the shore line has receded upwards of 200 feet. A serious condition is facing the people in the Niagara peninsula.

As I said on one other occasion, if the two governments, the federal and provincial, do not stop passing the buck, and get together and do something on this matter, the great Niagara fruit belt will pass out of existence in a few years.

In that connection the United States policy was slow to develop in the beginning, but it is quite definite today. In 1929 the problem was formally recognized by the establishment in the corps of engineers of a departmental board on sand movement and beach erosion. This was followed the next year by the creation of the United States beach erosion board of four officers of the corps of engineers and three civilians. The board was originally authorized only to make studies and investigations of erosion problems in co-operation with state governments, and the expenses of such investigations were to be shared by the two governments.

The duties of the board were expanded, however, in 1945 and it was authorized to act independently of state governments in studying shore erosion; while at the same time being able to act with them if asked to do so. The state governments were no longer asked to share the cost of such investigations. As an evidence of a growing sense of federal responsibility in this matter, the board was asked to make specific recommendations on what share of the expenses of recommended shore protective works should be borne by the federal government.

The following year, the central government's willingness to share in the cost of protective works was stated as follows:

> It is hereby declared to be the policy of the United States to assist in the construction, but not the maintenance, of works for the improvement and protection—of the shores—that are owned by states, municipalities or other political subdivisions.

The existing policy in the United States can be summed up as follows:

1. The federal government is prepared to make studies of shore erosion and recommendations for protective works on any shore property, whether publicly or privately owned. This may be done in co-operation with state governments or independently of them.

2. The federal government is also prepared to assist in the construction of protective works for property that is publicly owned, up to one-third of the total cost of such works.

3. The federal government will not assist in the maintenance or repairs to existing structures, except in the case of protection of important highways.

It is quite evident that the United States government recognizes the seriousness of the erosion that is taking place on our great lakes in connection with property over which they have control. The federal government should seriously consider taking such

measures as would set up machinery to do likewise in Canada. The suggestions made by the hon. member for Lincoln (Mr. Cavers) that the municipalities, provincial and federal governments, share the cost is certainly commendable.

Just a word on the budget; it has been pretty well covered, and as I said earlier this evening, and as I have said on other occasions, I am not one who believes in repetition in this house—we hear so much of it and it is so tiring. What I have to say, while it will be repeating what other members have said, will yet take only a few minutes, and therefore I feel it will not cause too much hardship on some of the hon. members who are so patient and who sit here for many hours listening to this tiresome repetition.

I cannot understand why electric stoves, washing machines and refrigerators were picked out as luxury items, and liquor was considered a necessity. I am absolutely opposed to the increase in the sales tax. I am opposed to a sales tax of any kind, and always have been. I say that, knowing who was responsible for introducing the sales tax in this country. I have always been opposed to it. It is an unjust tax. I do not believe in hidden taxes—goodness knows we have too many of them. If the people of this country knew just how heavy the hidden taxes were we would have a revolution.

To begin with, any sales tax should be visible, not hidden. If the minister hopes, as he says he does, to keep down inflation by discouraging spending, then, by having a hidden sales tax he will not achieve that result; but if the sales tax were visible people would be discouraged from buying many articles that they buy today. I know that is a fact today because I have been in other countries where they have a visible sales tax. In fact I have been in some provinces of this country where they had a visible tax, and it rather irritated me a bit, and when I was about to buy an article with an additional tax on it I said: "You can keep it"; and I went off without it.

In closing I may say that this sales tax, with its increase, is in my opinion one of the most stupid taxes to have inflicted on the country at this time. If a sales tax is to be applied it certainly should not be applied to what I consider necessities, absolute necessities to people in the lower income brackets, people with large families who have to pay so much for the clothing they require. They should not have to pay these multiple taxes to secure these necessities.

Mr. A. C. Murray (Oxford): Mr. Speaker, coming as I do from the great dairying county of Oxford, I think I should use first of all, in appreciation of the warmth of the applause tonight, the reply that the Oxford county cow is reported to have given a kind lady on a cold frosty morning, namely, thank you for the warm hand.

I should like to say also that as the member for Oxford I would want to join in the sentiments that were conveyed here this week by the hon. member for Winnipeg South Centre (Mr. Maybank), namely, words of appreciation to the Speaker of this house, who comes from the city of Brantford, a city close to my home, and say also to you, sir, it is my hope that you may long be spared to add lustre and distinction to this assembly and to confer upon this chamber the benefit of your wisdom and of your talents.

Likewise I should like to join tonight in this, my maiden speech before the house, in a word of appreciation to the one who today leads this nation of Canada, the revered and respected leader of the government, the Prime Minister of Canada, the Right Hon. Louis St. Laurent, and to say to him that, just as mothers of men rejoice in the achievements and accomplishments of honoured sons, and not less for those achievements than for those qualities which endear them to their fellow men, so too, in turn tonight, do we pay tribute to the Prime Minister of Canada—not less for his achievements, not less for all his accomplishments in the legal world than for those innate qualities of kindness and of friendship and of integrity and of character which have endeared him to all the people of this nation.

I am reminded, sir, that it is neither wealth nor riches that brings greatness to an institution, yea even to the House of Commons, but it is the men and the women who travel in its service. And so tonight I am proud to be associated with hon. members of the house who are giving of their time and of their talents for the betterment of a better Canada, and for the betterment of our citizens.

It seems to me, sir, that if a man tries to do the job he has set out to do, and does that job faithfully, efficiently and well, even though he be a humble member of the house, a backbencher, he is serving Canada just as efficiently and just as well as those in higher positions. I can realize that that may find reluctant resistance in the minds of some at this time. I hasten to say I am not thinking of the grand eloquence surrounding us, or of the magnitude of the task. I am thinking of the soul and life of Canada. And so again I say I am proud to be associated with the membership of the house

who are giving of their time, of their ability and talents for the betterment of the citizens of today.

After all, the quality of a nation is nothing more and nothing less than the quality, integrity and character of its people, and of those who manage its affairs. I think it was Schiller who once remarked that an artist is judged, not by what he places on canvas but rather by what he leaves out. I hasten to say tonight that I make no claim to artistic genius or eloquence. It is because of the repetition that has already taken place in this debate that I must, of necessity, eliminate a great deal that already has been said.

However if I should be halting in my words or in expressing my thoughts I know hon. members will not judge me insincere when I join my voice with the many who have already spoken in commendation of the Minister of Finance for the straightforward and businesslike manner in which he has approached this year's budget. The very reason for having a part in Canada's parliament is to make some contribution to the preservation of Canada's democracy. It seems to me that the very foundation of democracy lies in voluntary co-operation and the preservation of personal liberty.

These are days, we recognize, when men are assailing the ideals of democracy, not only in those countries which are distinctly anti-democratic; in our own country there are some who are saying that democracy has failed, and that we should replace it with some other type of autocratic control. My own ambition for the rest of my life, and for whatever influence I may have in the public affairs of this nation, is to make some contribution to the preservation of Canadian democracy.

I do not say that tonight in any vain-glorious spirit, nor for the purpose of making myself feel superior; but because of our natural surroundings, because of the great natural resources of our dominion, and because of the splendid parent stock that is to be found in the old races of Canada. In that heritage I feel rests the inspiration which makes possible an even higher and finer contribution to Canada today than we have hitherto dreamed of.

I realize, Mr. Speaker, that in this debate one is privileged to tell something of his constituency. With the poet tonight I can easily say that—

> The sea hath its pearls
> The sky hath its stars
> But my heart hath love—

—a love for Oxford, and its people. Born within its boundaries, as I was, and having lived there all my life, I have come to know and to appreciate the wondrous heritage of the hospitality of its people.

While I have listened to many members within this chamber tell of the greatness of their constituencies, one's heart naturally yearns for his native riding. With due apologies to Robert Burns tonight I fain would say:

> The bridegroom may forget his bride,
> Who married was but yesterday;
> The mother may forget her child,
> Who sleeps so sweetly on her knee;
> The king he may forget his crown
> That on his head the hour hath lain
> But I will not thou—

Oxford—

> —forget
> For a' that thou hast been to me.

So I say to you tonight that while others have mentioned the greatness of their constituencies, this evening I choose to kodak, to develop and to print one of the finest counties in the Dominion of Canada, the finest flower in the garden, the first prize chrysanthemum, the county of Oxford in the province of Ontario.

Last week while I was home I heard my mother retell the story of how my grandparents came from the land of Scotland, taking as many weeks to cross the Atlantic as it now takes days. I heard her tell of how, around my home city of Woodstock, which in those days was bush and forest, with only a trail through the woods, by industry and hard work the trees were felled, the log cabins built and the soil tilled.

Oxford is famous for its Scotch ancestors, and has given many men to all branches of life—men who have given everything to take their places in the professional, the commercial and the industrial life of the nation. Born in humble homes, reared midst hardships and want, at times, unconsciously they were trained by a stern but kind Providence in those habits of economy, of temperance and of hard work which have later brought them to the fore in all departments of life.

I think it was Emerson who wrote that the true test of civilization is not the size of the cities or the population, but rather the kind of men a country turns out. And tonight, in passing, I shall mention only Ralph Connor, known to many because of his writings, and particularly his book "The Man from Glengarry." I would mention likewise the late Dr. George Leslie McKay, the well known missionary to Formosa.

I would pause briefly to pay tribute to the township of my birth, the township of Zorra

in the county of Oxford. I cannot think of any finer honour Oxford county cherishes today than this, that it is the birthplace of an honoured colleague in the House of Commons, the genial member for Hamilton East (Mr. Ross), and likewise the birthplace of my honoured colleague and namesake, the hon. member for Cariboo (Mr. Murray), whose mother, whose brothers and whose sisters are deeply respected citizens of my native Oxford.

Likewise as a native of Zorra I am sure my honoured colleague would join me tonight in the lines reported as having been said by a lady at the time of the Fenian raid in Zorra: They may take Montreal, they may take Ottawa, they may take Toronto, but they will not take Zorra. So I say to you this evening that Oxford is noted for its prosperity, for its quiet beauty of rolling hills, of well cultivated fields, its gentle streams and its friendly people. Nestled within its boundaries are the towns of Ingersoll, Tillsonburg, Tavistock, and my own home city of Woodstock, ofttimes called the city beautiful or the industrial city, indicative of the long rows of maple trees which adorn our city streets and the initiative and enterprise of our people. Situated as it is in a very prosperous section of Ontario, it has shared in the general prosperity which our nation has enjoyed, and my fondest wish tonight as I take my stand on behalf of my people is that it may continue to share for many years to come that prosperity which has enriched it in days gone by.

Taking my stand tonight on behalf of the constituency of Oxford, I am reminded that it has been represented by a number of illustrious men including the late Sir Francis Hincks, the Hon. George Brown, Thomas Oliver, the late Hon. James Sutherland, Dr. Sinclair, A. S. Rennie, and in more recent times, the Hon. D. M. Sutherland, formerly minister of national defence, my predecessor, Mr. K. R. Daniel, and others, who in the past have given to this assembly the benefit of their wisdom and their talents, and have truly lent lustre and distinction to it. Tonight as I think of that long line of illustrious men, and while I realize that imperfections no doubt may follow tonight, I want to present some thoughts particularly as they pertain to this year's budget.

I want to say first of all that one could be alarmed at the amount that is to be appropriated for the defence of our nation. I think, however, that we all must realize the situation in the small atomic world wherein we live, but I would not want to be an alarmist. I would not want to wave any flags of undue patriotism or to be accused of speaking directly against the peoples of any nation because I do not think that the mass of the people of Russia want war any more than you or I or other nations throughout the world want war today. I think we all want peace but because of these fourteen or fifteen men in the Kremlin, because of their record of leadership, a leadership that cannot be trusted, there is no other course to follow than that which has been followed by the government of this nation, namely, to build its defences strong.

Therefore I say, and I am weighing every word as I say it this evening, that as of now the people of Canada must be prepared to build our defences strong. Without indicating that there will be any war, any atom bombs used, any germicidal warfare, I think all hon. members must realize that we must put first things first, and by so doing I for one hope that the jet planes that are being built and the bombers that are being constructed will be the means not of winning world war III but rather of preventing it. Therefore I say tonight that while I realize it is not a very popular thing for the Minister of Finance (Mr. Abbott) to come to the people of the country and say that large sums of money have to be appropriated for the defence of our land, on the other hand there is no other method to follow than that which has been followed, and which no doubt will be followed increasingly over the next number of months, the method of solidarity building for that day which we hope will come when the peoples of all nations will come to learn to live together in peace and harmony, and when those who have perverted ideas in places of leadership will finally be dethroned.

Turning from international relations to domestic affairs I want to bespeak at this time the appreciation of the profession to which I belong, the pharmaceutical associations throughout Canada, and the appreciation of all citizens, to the Minister of Finance for the exemption under the budget of special drugs the cost of which is deductible for income tax purposes. I should like to say to the Minister of Finance that while we appreciate that he has recognized this principle of deduction we hope in turn that he may see his way clear to add to it to include all medical prescriptions so that it may be of equal benefit to the citizens of the nation.

I should like to intimate that Oxford is also concerned about the transition that is taking place today in the agricultural life of the nation. I hope that even a preponderance of government members does not preclude my emphasizing within this chamber that agriculture should receive a most considered position. It is needless to repeat that a prosperous

agriculture means a prosperous Canada, that farm income is the keynote to national prosperity. I can personally vouch for the fact that when the farmer is prosperous, cash registers ring more merrily in the cities. I think we can pretty well all agree that agriculture and industry will rise and fall together. But what we must not forget is the importance of agriculture in the economy of the nation. Generally speaking, our farming people are ready to meet the contingencies of climate such as frost and snow, but I do not think they want their chins punched from all directions. Nor do they want a lot of government controls which would be the natural thing under subsidized farming.

Indeed I should like to commend the government for the position it has taken on controls. Controls do not cure inflation. They but contain it. At this time I want to commend the government for not putting the business economy of our nation in a strait-jacket where it would be subject to regimentation, to export and import controls, black markets and all the rest that goes with it. I should say to you, sir, that I am in the retail drug profession, and I went through the period when we had controls. I make bold to say that during the control period we were out of selling condition. You will remember we went quickly from an ordinary, very healthy, sane buyers' market into a sellers' market. It was not a question of getting customers or selling to them. The whole normal process of business was completely reversed. Let me give you a personal illustration. The retailer was not seeking customers. Rather customers were seeking the retailer. Similarly the wholesaler was not seeking the retailer. The retailer was seeking the wholesaler. As a personal illustration, I can say that when a traveller came into the store during the period of controls you went all out with him endeavouring to seek from him the goods that you so dearly desired. You would go up to him and say, "Here, sir, have a chair; have a cigar, have a stenographer"; anything to get out of him the goods you so badly needed. During that period we also had the rationing of goods. You could have some; I could not. That affected goods such as sugar, meat, rubber, gasoline, chocolates, and all the rest of it. I hope those days will not return.

The point I am endeavouring to make is that during that control period we were out of selling condition. Goods were hard to get; sales were easy to make, and as a result we became soft and inefficient. So let us be guided by that period. Let us keep those virtues of hard work, industry, enterprise, patience and persistence as the hall-marks of our national efforts in the days ahead. Let us hearken to the words of the Minister of Trade and Commerce (Mr. Howe) who guided the productive energies of this country during the last war, and who has said that hard work, production and savings will bring us through this period of difficulty just as it did before. Let us pay heed to the words of the Minister of Finance, that it is an inexorable law of life that everything we get must be paid for. Freedom is not free; it was bought at a price, and we are going to have to pay the price to retain it.

I confess, sir, that when I hear the many requests for assistance that come from certain quarters of this chamber I become a little disturbed. It is not that we are not all anxious for the welfare of our fellow men, for old age pensions, health insurance and so on; but I become concerned that at the same time we do not kill by taxation the enterprise, initiative and industry which have made our nation what it is. I may be a little old fashioned in my thinking, but I still feel that those attributes of hard work, industry, production and saving are the beacon light in the destiny of Canada. Oftimes I feel that we are suffering from a disease in this land. It is not cancer; it is not polio; it is not heart disease. It is more insidious than any or all these. It so weakened one country that she was not able to defend herself in time of war. It is not the shortage of dollars; it is the shortage of work. Some people have fallen for the old idea, or the new idea, of shorter hours and more pay, when it seems to me that what is needed in Canada today is more work and more production to trade with the peoples of other countries. This week the house witnessed the spectacle of an hon. member rising in his place and piling high upon his desk volumes pertaining to the exuberant and vociferous demands made upon this government, demands that have to be paid for by the hard work and taxes of our people. Tonight I say to that hon. member that he omitted one book on that occasion, the most important book of all. I have that book with me; I have brought it from the hotel where I stay, where it was placed by the Gideons. I do not want to alarm hon. members but I do want to read the 19th verse of the 3rd chapter of Genesis, wherein it says:

> In the sweat of thy face shalt thou eat bread, till thou return unto the ground.

That is God's law; it is nature's law; it is true, and immutable. How can anyone think he may change it? Unfortunately, however, there appear to be people going through our land, agitators, saying to young men and men who are not so young, "Do as little as you can; get as much as you can." I point out

that this is contrary to those laws of virtue and industry that we learned at our mother's knee. We cannot hope to maintain the vigour and wealth of our country with any theory such as that. So to a certain section of this house I say that while some may sing siren songs of the pleasures of delight when we all receive more by doing less, tonight I bring a word that speaks for itself in this fashion. I am the foundation of all prosperity. I am the fount from which all blessings flow. I am the salt that gives life its savour. I am the friend of every young man and every young woman, and when he or she puts his or her hand in mine and keeps it there for a lifetime I will do more for that person than the richest parent. I am the sole support of the poor, and the rich who think they can get along without me lead ineffectual lives and fill premature graves. I have made this Dominion of Canada. I have laid its railways; I have paved its highways; I have set a standard of living unequalled in the world. What am I? I am work, the answer to this problem of inflation, the answer to the building up of the defences of this nation against any potential enemy of the future, the answer to the recreating of wealth destroyed by war, the answer to the building of a greater and finer Canada than hitherto we have known.

So I say to this chamber tonight, let us set the example in our own lives. Let us teach this to our children. If we pray, as I hope we all do, let us pray that management and labour may fuse their forces into a productive whole that will continue to build this great land with the same zeal and energy that the men and women of Canada have displayed in defending it. In this great land there is no other way for us to follow than to be constantly, continually, habitually and eternally optimistic regarding it. I recognize that there are some in the country who are apostles of doom and disaster, who can see nothing but trials and tribulations before us. Fortunately there are not many of that kind. We on the government side say the history of Canada has been made up of meeting challenges and difficulties, so the future is not going to frighten us provided we bring to it the industry, brains and initiative we all possess but may not be using to the full.

There is one thing more which was emphasized this afternoon by the hon. member for Lake Centre (Mr. Diefenbaker). The crying need of the world today is unity versus antagonism, co-operation against rivalry. Above all we need unity in spirit among the nations of the world. Today the privilege of being a Canadian carries with it a great responsibility. A few years ago we were Upper and Lower Canada. Today we are one. Having done so much, is it not our duty to do more? The unifying power of our race is not exhausted. None can deny that in Canada we have enjoyed a period of prosperity unequalled in our history. As we face the future let us not forget that Canada's economic policy must march in step with the policies of those who are or may become our friends. It must be in the interests of Canada, but of a Canada which could not tonight, even if it wanted, remain isolated or insulated from the community of nations that today inhabit this small atomic world.

We must learn, Mr. Speaker, to get along together; to live together and to trade together. So, as I bring these remarks to a close, I wish to commend the government, our leader and our ministers, for the action that has been taken in building up the defence of our nation; in making our country strong; and likewise to emphasize that while we have these defence obligations we have other obligations to build somehow, some way, the attributes of decency among all peoples throughout the world and to work for that day when peace shall come and wars shall be no more.

> May dishonour blast our names
> And quench our household fires,
> If we or ours fail this land,
> This dear land of our sires.

Mr. Hector Dupuis (St. Mary): Mr. Speaker, I too represent the best constituency in Canada. I want every member of this house to know that I shall not talk very long in this debate, but I thoroughly believe the arguments I shall presently advance. My remarks in English will be brief, because they are a summary of the more elaborate ones that I shall make in my own language. I request the indulgence of my English-speaking colleagues if some of my expressions sound queer and rather illiterate. It is due to my limited knowledge of your language. However, I shall do my best to be as clear as possible so that there can be no misinterpretation of my meaning.

During this speech I shall make some recommendations, and of course as I said my remarks will be longer in French than they will be in English. The main reason for my participation in this debate is to bring to the attention of the government the opinion of the average citizen, and his reaction to the proposed budget for the coming fiscal year, as well as the increased taxes it imposes. When I speak of the "average citizen" I mean the small merchant, the medium and low wage earner, who compose

the majority of those in the urban constituencies. In a democracy a good government, such as this one, must take note of public recommendations or expectations. The same principle applies to every member in a party. We all agree, Mr. Speaker, that the chief worry of the classes I mentioned a moment ago is the constant increase in the cost of living and the overcoming of this problem. Some serious minded people suggest that price control be imposed, while others are of the opposite opinion. I have already expressed my views on this subject. In my opinion price control cannot be exercised unless wage controls are also established. Wages cannot be frozen at their present rate, especially in the case of unskilled labour and the so-called white-collar workers, because in the majority of cases these workers do not earn enough to make both ends meet.

I am not the only member who is of this opinion. I listened with a great deal of interest to a speech made by the member for Cochrane (Mr. Bradette) the other day, in which he said the following, as it appears on page 1751 of *Hansard* of April 9, 1951:

> You cannot have price control unless you also have wage control.

On the same page the hon. member says:

> Does anyone in the house want control now all across the board on all commodities, control that will affect our exports and imports? Certainly people are not ready for such a situation. I noticed that the amendment moved this afternoon by the leader of the opposition is well guarded in its language. You heard it, and I will read it again. It is as follows:
>
> "This house is of the opinion that in view of the announcement made on Wednesday last of the greatest monthly increase in Canadian cost of living during the month of February to the disastrously high level of 179·7, immediate consideration should be given to the adoption of appropriate measures to hold down the cost of living and halt inflation."

The member for Cochrane added: "There is no mention of control there." The government, as well as everyone else, is well aware of the grave situation which is facing a large number of our citizens. I feel confident that every effort will be made to alleviate, as much as it is within the power of the government to do so, the privation encountered by so many people today. However, according to the declarations of the Prime Minister (Mr. St. Laurent) and other members of his cabinet, price controls are not advisable, for the very good reasons put forth in recent speeches.

I have heard a lot of criticism from members of the opposition. I have read thoroughly the address delivered by the hon. member for Greenwood (Mr. Macdonnell), and scrupulously analysed the amendment he has proposed. This amendment reads as follows, at page 2053 of *Hansard* of April 16, 1951:

> That all the words after "that" to the end of the question be deleted and the following substituted therefor:
>
> "the proposals of the Minister of Finance are unsatisfactory because they will inevitably increase the cost of living for all and especially for those least able to bear it.
>
> This house condemns in particular, as inflationary, the increase by 25 per cent of the general sales tax and is of the opinion that the increase is unnecessary and unwise.
>
> This house further condemns the heavy increase in excise taxes on certain essential commodities and is of the opinion that much of the government's proposed huge increase in taxation is due to its own extravagance.
>
> This house regrets the failure of the government to take effective steps to deal with profiteering."

According to the hon. member, who is known as the main financial critic of the official opposition, all the taxes imposed to meet the estimates of the coming fiscal year are too high and improperly applied. Has the hon. member, for whom I have the greatest respect, made any suggestions as to the sort of taxes that should be imposed, or on what category or group of people in particular the burden should be placed? The opposition is reproaching the government for the immensity of the taxes the Canadian people will have to pay. What would these taxes have amounted to if the government had listened to the screams of anguish of the opposition and adopted their suggestion for the immediate regimentation of the reserve forces? Such a measure would have considerably increased our war expenditures.

We are facing a crucial situation and nothing must be spared which will assure the survival of democracy. But we must pay for this, and taxes must be levied. We may consider ourselves fortunate that we have now at the head of the country leaders who have not been panic-stricken and who have acted wisely in adopting measures required by the times. Should they be forced to ask for more sacrifices from the people, I am sure that this government will take this responsibility at the proper time.

The hon. member for Greenwood (Mr. Macdonnell), in his remarks, made this statement as reported at page 2053 of *Hansard*:

> I am not asking for a miracle. On the other hand negation is not a policy.

In this statement I agree with the hon. member. I would not dare to criticize the policy of anybody unless I had some better proposal to make. The remarks made by the leader of the opposition (Mr. Drew) himself are nearly all negative, as they contain only reproaches of the government or condemnation of their actions. The speeches of

members of the opposition in general contain no constructive recommendations.

Some say that it is the business of the government to settle the administrative problems of the country. I say that it is the business of every member of this house to make any suggestions that he may think are for the good of the country. As I said a little while ago, I am going to make some recommendations. It may be too late for them to be applied to the budget that is now receiving our attention; but at the same time I think there is ground for study of certain suggestions I will make. For instance, has the Minister of National Revenue (Mr. McCann) ever considered the advisability of imposing income taxes on profits made on some transactions, such as on the sales of businesses? There is now such a tax in the United States and it has given good results. I am thinking of the case of taverns changing hands two or three times during the same year, each owner realizing profits ranging from $20,000 to $50,000. Why not tax such income? It is a profit. It is an income, after all. Why not tax it at the source as is done in the case of all salaried people? The same remark would apply to stock market speculators. They could also be taxed at the source, by taxing them indirectly, through the services of the broker, on the profits they realize on certain transactions. Although as I said a little while ago it may be too late for these measures to be put into force for the coming fiscal year, I sincerely believe that if such measures were put into force the government would probably be in a position, if not to lower the present rate of income tax at least to keep it at the present rate and not increase it.

One must bear in mind the fact that the employee cannot escape the payment of his income tax, which is deducted at the source and reported to the authorities by the employers. It has not been done only under this government. It has been suggested, I suppose, by great economists. I know it is a good way of collecting income tax. I am not in favour of the worker escaping payment of income tax. I am not suggesting that at all. I am just pointing out the fact that there are, in a way, two kinds of treatment: one treatment for one class and another treatment for another class. When we can reach people through such business transactions as those I noted a little while ago, I think the proposal I made would be worthy of the attention of the government.

I hope the government will give immediate attention to the plight of the state pensioners, among whom I would include Canadian National railway ex-personnel and also veterans. Every member of this house knows that these former employees cannot carry on and meet the actual cost of living with a pension that was fixed on the occasion of their departure several years ago.

I have a special recommendation of local or regional importance, namely, the abolition of the tolls on the Jacques Cartier and Victoria bridges, joining the south shore of the St. Lawrence river to the city of Montreal. The city of Montreal and the province of Quebec have already paid large sums to cover the yearly deficits, and I think it is now time to render justice to the citizens of this part of the country, especially those residing on the south shore, whose numbers have grown so rapidly in the last decade. I consider that the toll charged to them is discriminatory in a way, in view of the fact that in no other place in the province of Quebec is a passage fee collected for travelling on bridges. Some of the residents on the south shore are using the bridge several times a week, and some even use it many times every day; and I think that this is a kind of indirect tax which is charged them.

As I said before, Mr. Speaker, this is a summary in the language spoken by the majority of the members of this house. Before I finish my remarks in that language I want to say this. I would have given my serious attention to any proposal coming from any side of this house and tending to improve the present situation. I am not going to vote for the amendment, as it contains no such suggestions but rather merely expressions of blame against this government. As I said previously, although the situation in some quarters, in constituencies such as the one I have the honour to represent, is not flourishing, nevertheless it is not desperate. It is certainly different from that which existed in the thirties. I was an alderman at that time and a member of the executive of the city of Montreal.

They are not very particular in choosing their executive members there. In any event, I was a member of the executive for two terms and alderman for five terms. I went through the period of depression, and I saw a great deal of misery. I saw people almost dying of hunger, I would say. I have seen landlords receiving direct relief. I have seen business people getting out of business owing to the depression. Some people are trying to replace the word "depression", are trying to frighten us with that word "inflation", and are comparing the situation we have today with that of the thirties. At that time, with a budget of $55 million, the share of the city of Montreal for direct relief alone was $1,500,000 a month; and I repeat that this

was just enough to save people from starving. But when we compare the situation today and we see the prosperity around us everybody will note the facts. Look at the provincial budget. I am thinking of the budget of my own province. At the time I am speaking of now, around 1935 and 1936, that budget was somewhere around $55 million. It is now over $200 million. Well, if that is a sign of depression—I know I am not an economist—but if this is not the sign of some prosperity, I do not understand the first word about business.

Mr. MacInnis: It may be a sign of inflation.

Mr. Dupuis: It may be a sign of inflation; it may be a sign of prosperity. If inflation exists today in some proportion I hope the time will change and that prosperity will come again, as I am quite sure that the present government—as they have always done—will take the necessary precautions to see that prosperity will be assured in the future. Mind you, I am not trying to get in the good graces of the government at the present time. I am simply expressing sincerely what I believe to be the right thing.

Taking into account the efforts made by the present government to overcome this difficult situation, I do not hesitate to give all my confidence to the cabinet, and by doing so I am reflecting, I am quite sure, the opinion of those whom I have the honour to represent in this house.

(Translation):

Indeed, Mr. Speaker, I am not one of those who spend their time criticizing the actions of our government without even offering suggestions calculated to improve present conditions or any other situation. As was so well pointed out by the Prime Minister (Mr. St. Laurent) the opposition goes so far as to brand even our best as very wrong.

I know perhaps better, at least as well as any other member of this house, the hardships that some of our people have to put up with, and there is not a shadow of a doubt that those new taxes are going to press hard enough on the whole of our people. One must realize however, as I already said in English, that we are faced with special conditions arising out of international circumstances beyond our control.

Our own survival is at stake at this time, Mr. Speaker, and it is a question of paying an insurance premium for the survival of our nation, of democracy, and of the freedom we all cherish.

It would have been preferable, I feel, if certain taxes had not been imposed. I must confess, however, that I have not many to suggest other than those I mentioned a moment ago and which I would like, if I may, to repeat in my own tongue.

In my opinion, it would be advisable to consider the possibility of imposing an income tax on certain real estate transactions or on the sale of business establishments because, as I pointed out earlier, I have known of businesses changing hands many times. The sellers were often able to make a profit of $20,000 to $30,000. In the United States there is a tax on such transactions. Perhaps it is too late to include such a measure in this budget. I feel, however, the government should consider the suggestion. It would mean an immediate source of revenue since the tax would be levied at the time these transactions are made. The government would undoubtedly draw substantial revenue which would enable a lowering of the tax on the income of the population in general or at least would allow it to remain at the rate it was before the decision was made to increase it. This is not a clever find I have made. I repeat that it is being done in the United States and I see no reason why it could not be done here also.

The same principle could apply to speculations on the stock market. I have not the time to refute certain arguments that have been advanced against such a step. The matter, however, deserves some consideration from our leaders. In any event, I make this suggestion with a view to alleviating as much as possible the burden which bears too heavily on the working classes and people with smaller means.

Do not think that I would, for one moment, speak or act like a demagogue. Far from it. But someone has to look after the underprivileged and alleviate their burden, if it is not possible to remedy the situation completely.

I am not saying the government failed in its duty in this respect, but one can never do too much and cannot take too great an interest in those people.

The rich, the wealthy and well-to-do can always find a way out of certain financial difficulties, but the underprivileged, abandoned to their lot, are unable to cope with

them. I therefore deem it my duty to look after them. Once again, I know that it is the government's intention to alleviate, as much as possible, the burden that crushes those people.

As for the excise taxes being levied—and here I appeal more particularly to the Minister of Finance (Mr. Abbott)—I wonder whether there is not still time to revise those which are collected on various goods. I do not blame the Minister of Finance, nor do I envy him the task of deciding where to get the revenue he needs; moreover, even if I tried my best, I could never find a popular tax, but I am just making a suggestion. I wonder whether it is still possible to change the tax levied on tobacco, and particularly on leaf tobacco, the kind smoked by poor people.

They cannot afford to treat themselves to a cigar, but these fine Canadians smoke Canadian leaf tobacco which they cut to suit their own taste. Yet, this excise tax may well double the price of leaf tobacco.

I share the views of my colleague from Rimouski (Mr. Rousseau)—although I am no abstainer—that alcoholic beverages should have been taxed instead. People who can afford to have a drink, to use a popular expression, are probably in a position to pay 15 or 20 per cent more or, in any event, enough to enable the Minister of Finance to abolish this excise tax on leaf and cigarette tobacco smoked mostly by people who cannot afford more expensive tobacco or the luxury of a cigar.

The excise tax on chocolate has also been abolished.

I remember that, some years ago, the distributors of soft drinks asked the government to remove the tax on soft drinks, claiming that the popular price was 5 cents, and it was embarrassing to charge a customer 6 cents for a bottle of soft drink, that it was absolutely advisable to return to a price of 5 cents a bottle. What happened? First soft drinks were sold at 6 cents a bottle, then at 7 cents. There you have it. The government did not levy any tax and those who profited thereby were the manufacturers and bottlers who made a profit of more than 40 per cent of the initial price at which they had promised to sell their product.

The same thing occurred in the case of the chocolate bar. We saw it shrink and I am in a position to say so because my son manages a store where these items are sold. The manufacturers wrote to us recently, to tell us: "No, we will not reduce the price of chocolate bars but we will add a small quantity of chocolate".

I am of the opinion that alcoholic beverages and chocolate bars are not necessities of life and that our good ladies and even gentlemen who enjoy them would gladly sacrifice a bit of chocolate in order to ensure the repeal of certain taxes which, in my humble opinion, are levied too heavily on things which are really necessary to life. I am not, in saying this, censuring the Minister of Finance or, for that matter the present budget, but I do feel that I am duty bound to bring the matter to his attention. Most people in my constituency are really relatively poor—at least they are not particularly well to do. I feel that in making this request I am truly fulfilling my duty towards them.

I have heard the Minister of Finance (Mr. Abbott) ask our citizens to make sacrifices. Our people are undoubtedly ready to make sacrifices, but there is a limit to everything. We have but one wish: that the international situation, which is the cause of our present financial difficulties, may improve so as to relieve the sufferings of the underprivileged whom, I repeat, it is my duty to defend.

I would have spoken longer but for the rules of the house. However, in concluding my remarks I would like, if I may, to quote from an item published in the March 1951 issue of the *Reader's Digest* under the signature of Bernard Baruch. I was greatly impressed by this article, which is not at variance with the ideas expressed by the Minister of Finance. I quote:

> Today we are being asked to place our own valuation on freedom, in the things we are ready to give up, the taxes we will pay, the self-discipline we embrace—in how quickly we will do all this. Let us not haggle, clinging to petty profits and petty comforts. Should we price freedom too low, it will be taken from us.
>
> Unfortunately, when I urged total mobilization of America's military, economic and spiritual resources, there were too many who felt we should "wait and see". They hoped that something would happen to change the attitude of our enemies—those without and those within. Those without are Russia and her satellites. Within are the pressure groups, selfishness, cowardice, inflation, and above all, incompetence in the management of our affairs.
>
> The world is shaping up to a struggle between communism and individualism, between that system which feels the state should be the master and that system, ours, which feels the state should be the servant of the individual.
>
> I warn my fellow Americans that the first battle of the great Armageddon is taking place within our country—now. If our democracy, our government and the institutions founded under its constitution cannot control the conflicting and selfish interests for the over-all welfare, Armageddon will be lost here in our own country. How can our

conscience rest easily when we so unflinchingly send our young men to battle and hesitate to send profits? The situation demands self-denial and sacrifice. Unless we practice these things we shall lose first the spiritual battle of Armageddon and the last will surely be lost—the physical one.

Mr. Speaker, I conclude by expressing the hope that the government will continue to direct their particular attention to the situation which I will not describe as tragic but as very difficult and which now imposes severe hardships upon my constituents. I know that heretofore the government has considered the welfare of this class of people and I hope that our leaders will not miss the opportunity to restore, as soon as possible, the necessary equilibrium in order that each and every one, no matter what social class he may belong to, may in spite of the many difficulties that beset us feel an ever greater happiness in this beautiful country of ours, Canada.

(Text):

On motion of Mr. Brooks the debate was adjourned.

BUSINESS OF THE HOUSE

Mr. Fournier (Hull): Mr. Speaker, on Monday we will continue this debate.

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

HOUSE OF COMMONS

Monday, April 23, 1951

The house met at three o'clock.

STANDING ORDERS

First report of standing committee on standing orders.—Mr. MacLean (Cape Breton North and Victoria).

FLOOD CONDITIONS

OTTAWA AREA—STATEMENT AS TO HOLDING BACK WATER AT UPPER DAMS

Hon. Alphonse Fournier (Minister of Public Works): Mr. Speaker, on Friday last the leader of the opposition (Mr. Drew) put the following question to me:

Has the minister explored the possibility of using the dams north of Ottawa to hold back a greater head of water to alleviate flood conditions?

The answer is that the officials of the Department of Public Works, aided by outside consultants, have given a great deal of thought to this problem. To date they have found no way of doing more to alleviate flood conditions. I have in hand a comprehensive report and study concerning this question, which I propose to read.

The question of controlling the flow of the Ottawa river has been studied by the Department of Public Works for many years, in consultation with the two provincial power commissions operating the river and with the other industries, including lumbering, who utilize the river for navigation. The study has not only been carried out by our engineers; we have added thereto engineers who are fully familiar with the situation. We retain on our staff a consulting engineer who knows the situation particularly well and whose guidance has been followed for many years, as well as in the present situation. Any steps taken to guide and control the present floods were as directed by him.

On further going over the situation and analysing it thoroughly, it is agreed that no other course could have been followed that would have made flood conditions in the Ottawa area any less difficult. This opinion is shared by the officers of the power companies, of the two provincial power commissions and of the other services utilizing the river. In considering the question of the control of water at different dams, the first point always kept in mind is to alleviate flood conditions as far as possible, and the second is the storage of water to be used later by the different parties. In detail there are on the river between Ottawa and the headwaters dams both for power and for storage, as follows:

Dozois: built and operated by the Quebec Hydro Electric Commission. This has a drainage area of 3,000 square miles. At the beginning of the present freshet season this reservoir was completely empty, but was closed by the Quebec authorities on March 31, and has remained closed ever since. The flow into this reservoir during the past two weeks has exceeded over 20,000 cubic feet per second.

2. Rapid No. 7: operated by the Quebec government. This is a power and storage development. To date, with a limited outflow required for power purposes only and the main dam closed, it has not been completely refilled.

3. Quinze reservoir: controlled by the Department of Public Works. Drainage basin 8,900 square miles. At the start of the present freshet this reservoir was entirely empty, and on April 16 it was partly closed and only sufficient water permitted through this dam—approximately 7,500 cubic feet for power purposes.

4. Timiskaming reservoir: dam operated by the Department of Public Works. Drainage area, 17,000 square miles. At the start of the freshet this reservoir was entirely open. At the beginning of the freshet the run-off increased the water level with the discharge fully open and the lake rose seven feet. On April 17 in order to reduce the flood the dam was partially closed. This resulted in the reservoir rising over one-half a foot in one day, which would have filled the reservoir in a few days and resulted in a higher outflow than at present is being encountered. It was necessary to keep lake Timiskaming open, as by its own drainage area it went up one foot in one day, and with rises like this apparent it is certain that conditions on lake Timiskaming would be such that the sewage disposal and filtration plants of the towns of both Haileybury and New Liskeard, which always have to be watched, would have been flooded out.

From Timiskaming to Ottawa there are the following dams: 1. La Cave, under development; 2. Des Joachims, now fully developed; 3. Bryson, fully developed; 4.

Chenaux, fully developed; 5. Chats falls, fully developed; 6. Chaudiere, fully developed.

In the area covered by these six developments there is the run-off from approximately 17,000 square miles, which accumulates a discharge of approximately 145,000 cubic feet per second, none of which can be controlled at any of the dams, as there is absolutely no storage.

It is therefore evident that the whole situation so far as the vicinity of Ottawa is concerned was due to the inability to store any of the waters between Timiskaming and Ottawa, a distance of approximately 200 miles, and that therefore the major lakes, Timiskaming, Quinze and Dozois, had no effect on the flood that took place in the Ottawa river, but, on the contrary, assisted in retarding the flow.

All things considered, we know of no move that could have been made that would alleviate flood conditions in the area other than the ones that have been indicated and we are pleased to have had the co-operation of the Ontario and Quebec hydro-electric power commissions in order to give full effect to these measures.

Mr. George A. Drew (Leader of the Opposition): Mr. Speaker, since I raised the question may I express to the minister my appreciation of this review of what has taken place. From my own experience I know of the close co-operation there is between the provincial authorities and that section of his department which handles this subject. I would point out, however, that with the construction of the large new power dams on the river, new problems are presented. I would strongly urge that a general review of the whole situation be undertaken, with a view to considering the possibility of an increase in the storage facilities at some points, to hold not only the water in the upper areas but also the heavy flow that comes below these dams.

I am sure that the report correctly interprets the situation, because I know that the officials of the minister's department work in the closest co-operation with those who are primarily responsible for the operation of these dams.

Mr. Fournier (Hull): Mr. Speaker, I certainly will give instructions to my officials to make a survey and look into these conditions, because the results of the flood are terrible. I am personally acquainted with the conditions, because they happen to be close to me, and no one sympathizes more with the people in those areas than I do.

QUESTIONS

(Questions answered orally are indicated by an asterisk.)

CANADIAN NATIONAL RAILWAYS—NEWFOUNDLAND—REVENUES AND EXPENDITURES

Mr. Browne (St. John's West):

What have been the revenues and expenditures of the Canadian National railway system in Newfoundland for the fiscal years 1949-1950, and 1950-1951?

Mr. Benidickson: The Canadian National Railways advise as follows:

The revenues and expenditures of the Canadian National railway system in Newfoundland are kept on a calendar year basis, and this information from the date of entrustment of operation, April 1, 1949, to December 31, 1949, and for the calendar year 1950, is as follows:

Revenues and expenditures of Canadian National Railways in Newfoundland, including rail, express, steamships, telegraphs, and hotel:

	Year 1949	Year 1950
Operating revenues	$ 7,756,495	$11,015,287
Operating expenses	10,340,526	13,864,558
Net operating deficit	2,584,031	2,849,271
Other income—dr.	97,179	153,043
Total deficit	$ 2,681,210	$ 3,002,314

The above figures, it will be noted, cover operating revenues and expenses. They do not include charges for headquarters administrative expense.

DEFENCE PRODUCTION DEPARTMENT—PERSONNEL, ETC.

Mr. MacLean (Cape Breton North and Victoria):

1. What are the names and home addresses of the key men or heads of branches of the Department of Defence Production?

2. With what firms or business association were each of them associated immediately prior to appointment to present position with the said department?

3. In each case (a) is business association to be continued; (b) what salary is paid by the department; (c) what is the term of employment?

4. Are branches to be opened to serve the eastern and western sections of Canada?

Mr. McIlraith:

1. Deputy minister, M. W. Mackenzie, Ottawa, Ont.; special assistant to the deputy minister, T. N. Beaupre, Ottawa, Ont.; financial adviser, H. G. Hesler, Montreal, P.Q.;

associate financial adviser, L. D. Hudon, Sorel, P.Q.; general counsel, K. B. Palmer, K.C., Toronto, Ontario; director, legal branch, W. T. Patterson, K.C., Winnipeg, Man.; comptroller, G. F. Wevill, Ottawa, Ontario; director, economics and statistics branch, E. P. Weeks, Ottawa, Ont.; director, administration branch, J. C. Rutledge, Ottawa, Ontario.

Production Branch: Co-ordinator, Crawford Gordon Jr., Toronto, Ontario; director, aircraft division, F. S. McGill, Westmount, P.Q.; director, machine tool division, E. Barker, Toronto, Ontario; director, shipbuilding division, A. C. McDonald, Montreal, P. Q.; director, mechanical transport division, J. M. Cochrane, Windsor, Ont.; director, guns and ammunition division, H. R. Malley, Ottawa, Ontario; director, electronics division, A. H. Zimmerman, Niagara Falls, New York; director, small industries divisions, G. D. Mallory, Ottawa, Ontario; president and general manager, Defence Construction, Ltd., R. G. Johnson, Ottawa, Ont.

General Purchasing Branch: Co-ordinator, W. D. Low, Ottawa, Ontario; deputy co-ordinator, C. R. Snell, Winnipeg, Manitoba; general purchasing agent, W. J. Atkinson, Ottawa, Ontario.

Materials Branch: A/Co-ordinator, M. W. Mackenzie, Ottawa, Ontario; director, steel division, K. S. Harris, Concord, Mass., U.S.A.; director, non-ferrous metals division, F. V. C. Hewett, Toronto, Ont.; director, chemical and explosives division, J. R. Donald, Westmount, P.Q.; director, petroleum division, O. G. Hopkins, Toronto, Ontario; director, priorities division, H. J. Sissons, Toronto, Ontario.

2. H. G. Hesler, the Royal Bank of Canada, Montreal; L. D. Hudon, Marine Industries Limited, Sorel, P.Q.; K. B. Palmer, K.C., Borden, Elliott, Kelley, Palmer and Sankey, Toronto; W. T. Patterson, K.C., Canadian National Railways, Winnipeg; Crawford Gordon Jr., English Electric Company of Canada, St. Catharines, and John Inglis Company, Toronto; F. S. McGill, Dominion Oilcloth & Linoleum Company, Montreal; E. Barker, Modern Tool Works, Toronto; A. C. McDonald, Canadian Pacific Railway Company, Montreal; J. M. Cochrane, Ford Motor Company, Windsor, Ontario; A. H. Zimmerman, Moore Corporation Limited, Toronto; R. G. Johnson, Canadian Construction Association, Ottawa; C. R. Snell, Canadian National Railways, Winnipeg; K. S. Harris, Business Consultant, Boston, Mass., U.S.A.; F. V. C. Hewett, Consulting Mining Engineer, Toronto; J. R. Donald, Donald, Ross and Company, Chemical Engineers and Consulting Chemists, Montreal; O. G. Hopkins, Imperial Oil Limited, Toronto; H. J. Sissons, Ontario Hydro Electric Power Commission, Toronto.

The other persons named in No. 1 were recruited from the government service.

3. (a) Yes, in the case of each person recruited from industry.

(b) C. R. Snell ($12,000); F. V. C. Hewett (retaining fee, $6,000); nil, for all other persons recruited from industry; for those recruited from civil service, salary rates were those at which they were employed prior to joining Department of Defence Production.

(c) The lifetime of the defence production act, or until the appointment authority is rescinded.

4. District purchasing offices of the Canadian Commercial Corporation, located in Newfoundland, Saint John, N.B., Halifax, Quebec, Montreal, Ottawa, Toronto, Winnipeg, Regina, Calgary, Edmonton, Vancouver and Victoria, have now been taken over by the Department of Defence Production and will continue to be operated by that department. Defence Construction Limited use, under contract arrangement, the facilities of the regional offices of Central Mortgage and Housing Corporation located in Halifax, Montreal, Toronto, Winnipeg, and Vancouver, and a branch office located at Edmonton.

USE OF IMPORTED EQUIPMENT BY B.C. CONSTRUCTION COMPANIES

Mr. Goode:

1. Has an application been received by any department of the government for the importation of wooden barges, steel barges and derricks from the United States by a construction company in British Columbia?

2. If so, has such application been approved?

3. Do government contracts for dredging or breakwaters in British Columbia contain a clause forbidding the use of United States equipment?

4. Is there a "derrick and scows built in Canada" clause in the contracts now in force on the Pacific coast?

Mr. Bradley:

1. Yes.

2. Under consideration.

3. Contracts for dredging throughout Canada contain the following clause:

"The dredges and other plant which are intended to be employed on this work shall have been duly registered in Canada on or before the thirty-first day of December, 1929, or shall have been constructed and registered in Canada since the said date.

Proof of registration in writing shall be furnished when demanded."

Construction contracts do not have this clause, as the use of floating plant is usually a very minor part of a construction contract.

4. No.

REMOVAL OF FREIGHTER SUNK IN HALIFAX HARBOUR

Mr. Balcom:

What steps have been or are being taken by the government to have the 6,500-ton freighter *Trongate*, sunk in Halifax harbour in 1942, raised or removed?

Mr. Benidickson: The owners of the *Trongate* have been ordered to remove the vessel to the satisfaction of the department and the national harbours board, and it is expected the work will be proceeded with in the near future.

LEVY AUTO PARTS COMPANY—PURCHASE OF EQUIPMENT OR MATERIAL FROM CROWN ASSETS

Mr. McGregor:

1. Did the Levy Auto Parts Company, Limited, Toronto, purchase any equipment or material from Crown Assets Disposal Corporation or any other department or agency of the government handling war surplus?
2. If so, what did they buy?
3. How much did they pay for same?
4. Did they resell any of this equipment or material to the government?
5. If so, what did they resell?
6. How much did they receive for it?

Mr. McIlraith:

1. Yes.

2.

Automotive equipment and parts	$276,386.74
Metals, other than scrap	1,936.50
Scrap metal and other scrap material	2,033.71
Machine tools	3,050.96
Aircraft and aircraft components	952.00
Sundry materials other than classification above mentioned (Consumer goods mechanical)	17,785.59
Total	$302,145.50

3. Answered by No. 2.

4. This information is not available, as the government has no record of where firms submitting tenders have purchased their stocks. In the period from February 1, 1947, to April 11, 1951, the total value of vehicle spares and equipment, both new and used, purchased from this firm, amounted to $3,485,916.78. It is, however, impossible to state what part, if any, of this equipment was originally purchased from Crown Assets Disposal Corporation, as it is understood that this firm purchased war surplus equipment not only in Canada but also in the United States and England.

The following table shows a break-down of the above-mentioned purchases:

(a) Vehicle spares (for all types of vehicles)	$ 761,398.24
(b) Spares for Sherman tanks	419,316.30
(c) Spares for universal carriers (a semi-armoured tracked vehicle)	2,297,788.49
(d) Workshop tools and equipment	7,413.75
Total	$3,485,916.78

5. Answered by No. 4.

6. Answered by No. 4.

CANADIAN NATIONAL TELEGRAPHS—NEWFOUNDLAND—REVENUES AND EXPENDITURES

Mr. Browne (St. John's West):

What have been the revenues and expenditures of the Canadian National Telegraphs, Newfoundland, for the fiscal years 1949-50, and 1950-51?

Mr. Benidickson: The Canadian National Railways advise as follows:

The revenues and expenditures of the Canadian National Railways communications department in Newfoundland are kept on a calendar year basis, and this information from the date of entrustment of operation, April 1, 1949, to December 31, 1949, and for the calendar year 1950, is as follows:

Revenues and expenditures of Canadian National Telegraphs (communication systems) in Newfoundland:

	Year 1949	Year 1950
Operating revenues	$ 515,632	$ 929,435
Operating expenses	745,923	1,142,395
Net operating deficit	230,291	212,960
Other income—dr.	8,990	72,142
Total deficit	$ 239,281	$ 285,102

The above figures, it will be noted, cover operating revenues and expenses. They do not include charges for headquarters administrative expense.

COMBINES INVESTIGATION ACT—INTERNATIONAL CARTELS

Mr. Diefenbaker:

What action has the Minister of Justice taken respecting the report of the commissioner of the Combines Investigation Act, dated October 10, 1945, and entitled "Canada and International Cartels"?

Mr. Garson: In a reply which I made on December 5, 1949, in regard to action taken with respect to recommendations contained in the report "Canada and International Cartels", a summary was given of the position at that time, and I shall now restate the substance of that reply with the minor changes necessary to bring it up to date.

The recommendations made in the report "Canada and International Cartels" are set out in pages 66 to 69, and may be summarized as follows:

1. Particular attention should be given by the combines investigation commission to restrictive agreements based on patents.

The Combines Investigation Act was amended in 1946 to give powers to the exchequer court to issue remedial orders in cases of use of patents or trade-marks unduly to limit production or restrain or injure trade. In its inquiries the combines investigation commission gives particular attention to restrictive arrangements based on patents.

2. The establishment of official government records which would show from time to time any significant change in the degree of financial control which corporations outside Canada exercise over individual domestic companies.

Information with respect to this matter is compiled by the dominion bureau of statistics which, from time to time, publishes the result of its studies in this field.

3. More adequate provision for the initiation of inquiries by the combines investigation commission into restraints of trade and unfair trade practices.

Amendments made to the Combines Investigation Act in 1946 empowered the commissioner to receive and inquire into complaints respecting practices alleged to be offences under the act or under sections 498 and 498A of the Criminal Code. Provision was also made in the 1946 amendments to restore the power of the commissioner to initiate inquiries under section 12 of the act.

4. The building up of an effective organization under the Combines Investigation Act supported by sufficient appropriations.

The staff of the commission is now thirty-one, compared with an average of eight in 1945. Recruitment of several additional officers is currently proceeding through the civil service commission. Appropriations have increased from $61,000 in the fiscal year 1945-46 to $237,669 in the fiscal year 1950-51. Estimates for the current year are slightly in excess of the 1950-51 appropriations.

5. Support should be given by the government of Canada to the establishment of an international office to deal with international cartels.

Canada participated in the United Nations conferences on trade and employment which resulted in the Havana charter for an international trade organization. This charter contained provisions for dealing with restrictive business practices by cartels. The charter has not been ratified by the requisite number of countries to bring it into effect.

QUESTIONS PASSED AS ORDERS FOR RETURNS

TOBACCO—TAXES AND EXPORTS

Mr. Coyle:

1. What was the total amount paid in taxes on tobacco in each of the years 1947, 1948, 1949 and 1950?
2. Of these amounts, how much was paid on (a) flue-cured tobaccos; (b) other kinds?
3. During each of these years, what amount of tobacco was exported?
4. To what countries was it exported, and what amount to each?
5. What was the value of the exports to each country?

PRINTING BUREAU—EMPLOYEES—RATES OF PAY, ETC.

Mr. Harkness:

1. How many new employees will the new government printing bureau plant have?
2. How many employees are on the present staff of the printing bureau?
3. (a) Where will the bureau secure its new employees?

(b) Does it propose to train them, or depend upon hiring workers from private plants?

4. How do bureau rates of pay compare with commercial scales elsewhere?
5. Is it proposed to have sufficient employees to meet government printing at times of peak requirements?
6. If so, what will the bureau do with surplus personnel during slack periods?

Mr. Bradley: Return tabled.

MOTION FOR PAPERS

CROWN ASSETS DISPOSAL, 1946-51

Mr. Diefenbaker:

For a return showing a list of all (a) real property; (b) buildings, sold or disposed of by War Assets Corporation to the value of $25,000 or more between the first day of January, 1946, and the first day of April, 1951, and the names and addresses of the persons to whom such sales, or disposal, were made.

Mr. McIlraith: Return tabled.

AGRICULTURAL PRODUCTS

QUESTION OF ASSISTANCE TO SEED GROWERS OF BRITISH COLUMBIA

On the orders of the day:

Mr. G. A. Cruickshank (Fraser Valley): I should like to direct a question to the Minister of Agriculture. In view of the serious situation in which the small seed growers of British Columbia find themselves, what action is contemplated by the government by way of assistance?

Right Hon. J. G. Gardiner (Minister of Agriculture): I wish to thank the hon. member for sending me a copy of this question just before I entered the chamber. Since I did not have time to examine into all the facts relating to the answer which should be given, I should like to take the question as notice and answer at a later date.

THE BUDGET

ANNUAL FINANCIAL STATEMENT OF THE MINISTER OF FINANCE

The house resumed, from Friday, April 20, consideration of the motion of Hon. Douglas Abbott (Minister of Finance) that Mr. Speaker do now leave the chair for the house to go into committee of ways and means, and the amendment thereto of Mr. Macdonnell (Greenwood), and the amendment to the amendment of Mr. Coldwell.

Mr. A. J. Brooks (Royal): Mr. Speaker, the debate on the budget has been going on for some time. We have heard a number of speakers, and most of the addresses have been extremely interesting. All subjects can be discussed in the budget debate, except of course the $65 million wheat payment, on which discussion is prohibited. It is natural that both in the house and in the country there should be much interest in the budget, and it is only right that many hon. members should discuss it. It touches the lives of all our people; its effects are felt in all homes and all businesses across the country. It affects people's pleasure; it affects every phase and every walk of life. To some the budget means privation; to others it simply means the curtailing of some of their pleasures and perhaps a few of their necessities.

As I listened to the debate I noticed that most of the government members more or less praised the budget and picked out what they felt was of benefit to the government. Those in the opposition of course have criticized it, and deservedly so; to my mind it is open to much criticism. It does emphasize the fact that we are living in most strenuous times, as is indicated by the budgets of other countries—Great Britain, France, Italy, the United States.

We have of course the fighting in Korea, which again seems to have become intensified. We have the cold war all over the world, the war of nerves, which also seems to be gaining in momentum. In addition we have in the United States a sort of civil war of words. This is something which I think must give the people in many parts of the world some cause for worry. We in Canada have always been proud to be associated with the United States as we are today. But I think we realize, as do other countries, that world leadership is something which is more or less new to our friends to the south, and that perhaps they are not as experienced as they should be in the role of world leaders. We regret, of course, that the British commonwealth of nations, which in the last two wars was more or less the leader in war and world matters, today is not in a position to fill that role. I believe the people of Canada are willing to pay their full share to meet the needs arising from world conditions, but I also feel that we should like to know just where we are going. We have been disturbed over the situation in the United States during the last week, and the people of Canada hope, as do the people in many other countries, that world affairs will not be determined by political expediency in the United States, a country which should be giving leadership—we hope it will give it—in matters of this kind.

The amount we are asked for in the budget, $3,700 million, is an enormous sum of money. Of this, over $1,664 million is to be used for defence. We realize that large sums must be spent for defence. The part we are taking now in the Korean war; the part which we must take, and indeed are pledged to take, with regard to the Atlantic pact and Atlantic defence; the part we must take in developing the defence of our own country, and also the part we must take in carrying on the general services of our country—all these make us realize that the appropriation of large sums is necessary.

A moment ago I pointed out that people in other parts of the world as well are being heavily taxed. I do not suppose that any other people are carrying a heavier burden or are more heavily taxed than the people of Great Britain. I mention this fact, Mr. Speaker, because it has been disconcerting to read recently in some of the papers—not in this country but in the United States—comment to the effect that Great Britain is not carrying her load. It might interest hon. members to know that neither Canada nor the United States can compare with Great Britain in the

matter of the weight of taxation which is imposed upon the people. I should like to give a few instances.

A low-priced car in Great Britain pays a tax of $1,180. The tax on gasoline in Great Britain is 50 cents a gallon, as compared with 13½ cents paid here in Canada. We feel that we are paying an enormous tax on cigarettes, and so we are; but in Great Britain there is a tax of 52 cents on twenty cigarettes as compared with 25 cents in Canada. One could go on giving instances which indicate the great burden these people in the old country are bearing at the present time.

Britain is raising $13 billion in three years for defence. When we are told that she is not carrying her load, we need only to point out that she already has four divisions in Europe, whereas we in Canada have no troops there at all. She already has over a division in Korea. In Malaya she has troops which have been fighting now for a considerable length of time. She has troops in Hong Kong, in Iran, in Egypt, indeed in all parts of the world. This will give some idea of the burden which is being borne by that country. Since we are being asked to raise this enormous sum of money, I think the chief concern of the people in Canada today is that the money may be fairly collected from those who are most able to pay. Our second matter of concern is that this money must not be wasted but must be economically spent, and, third, we hope that the government will be able to stop inflation.

In discussing this matter in his budget speech on April 10, the minister said, as reported at page 1797 of *Hansard*:

> In the months that lie ahead, perhaps indeed for several years, we shall face a test of nerves, of our readiness to sacrifice immediate interests for future security. This is the background against which the budget must be viewed.

Contending that his policies were anti-inflationary, he declared, as reported at page 1800 of *Hansard*:

> The essential principle in preventing inflation is to restrict the total of all expenditure, public and private, to an amount which can be met from our production and imports.

This may be sound economics, but it is unlikely to impress the average individual who thinks of inflation in terms of skyrocketing prices and cannot see how it will be checked by imposts such as the boost in the sales tax, which will hoist prices even higher and make it more difficult for families in the modest income brackets to secure the necessities of life. The theory is, of course, that private spending can be controlled by taxes heavy enough to balance the amount of money in circulation against the supply of goods available; but it does not hold water. The surplus cash raked in by the treasury is quickly distributed again in lavish government expenditures.

Some may be encouraged by the fact that the minister mentioned the need for restricting public spending as well as private. It is to be hoped that this was not merely an empty statement.

All Canadians realize it is imperative that the country rearm, and that this will involve tremendous expenditures, but the revenue from the new taxes should be earmarked strictly for defence, and all non-essential government expenditures should be cut to the bone.

Speaking of the sales tax, Mr. Speaker, I should like to indicate its effect not upon the people of Canada in general, but more particularly upon the people of my own province. I do not know whether it is generally known or not, but besides the federal sales tax, in New Brunswick we have a four per cent sales tax—not on essential foods, but on all other articles in general. Therefore this ten per cent federal sales tax becomes fourteen per cent in New Brunswick, and when you consider the tax on the tax on the tax, as was pointed out here the other day by the hon. member for Greenwood (Mr. Macdonnell), the sales tax in our small province becomes something in the vicinity of twenty per cent. This is a burden which is very difficult indeed for our people to bear, and no relief of any kind seems to be in sight.

I should like to consider the tax on electric goods. I can best illustrate how this tax bears on the young people, as has been mentioned in this house a number of times, by reciting an experience I had over the week end. I happened to be in the city of Montreal, and I met a young man and a young woman from my own constituency, who had left their home in New Brunswick a little over a year ago. I asked them how they were making out. They are married and have a child. They explained to me that for the past year they have been living in two rooms, but that they had hoped to get better accommodation. The cheapest they could get that was suitable was $75 a month, and they said that they had planned to buy an electric stove, and they also wished to have a refrigerator and some household furniture. They had arranged to buy and pay for these different articles, but now they find that the price of the electric stove they wished to buy has gone up fifteen per cent. The refrigerator they intended to buy has gone up fifteen per cent. There is a tax on the furniture that they intended to purchase,

and the budget which they had been operating on for the past year has now been knocked on the head, as it were, and these young people, like many thousands of others across this country, are very much concerned. They had hoped that they might buy these articles on the instalment plan, but the instalments have now been restricted by the government, and this also has upset their plans.

Another matter which the people are very much concerned about is the question of government savings. We are told time and time again that it is very difficult for members of the opposition to point out just how savings can be made in government administration. Not knowing all the facts about the expenditures of the government, it is very difficult indeed to point specifically to individual items. Last year an hon. member spoke about savings in government publications. That is something we can all see, because day after day and week after week, whether we are in this House of Commons or whether we are at home, we receive publications from the different departments of this government, publications which are too numerous for us to read. Most of them go into the wastepaper basket. I am satisfied that the hon. member who brought this matter before the house last year was justified in saying that it was nothing but a waste of money and an unnecessary expenditure. To my mind, Mr. Speaker, these publications are nothing more or less than pamphlets for the glorification of this government, and for propaganda purposes, and they could very well be done away with.

There is also the question of reduction in staffs. This matter has been discussed in the house. In the old days, days not so long ago, most staffs were here in the city of Ottawa. We had of course a postmaster, a man in charge of the customs and a few public servants scattered about the country; but today in every village and every town across this country there is a staff of government employees. I am not saying that they should be discharged, but there should be some investigation, as there has been in the United States, to find out if all these employees are necessary.

Last week I received a letter from a man in my constituency. He had applied for the war veterans allowance. It was a clear case. There was no reason why he should not be entitled to the war veterans allowance, but over a period of three months as many as four different government officials called on this man to make sure whether he was entitled to the war veterans allowance. This sort of thing is going on all over the country.

As I said a moment ago, we should look into the question of government employees and see if many on the staffs could not be cut down.

So far as transportation is concerned there have been many changes in comparatively recent years. I recall that in my own province twenty-five or thirty years ago we had ten or a dozen steamers plying up and down the Saint John river, for instance, and its tributaries. It was practically the only means of transportation. Today there is not a large steamer on the Saint John river. The work is all done by trucks. What applies to the Saint John river I am satisfied applies to many other rivers and lakes across the country. But we still have the same expense. There are dozens of lighthouses on the river and tributaries. I have been told by many who live up the Saint John river that practically the only boats they have there are little pleasure yachts, small tugs, and so on. It seems to me this is something which should be investigated by the Minister of Transport with a view to seeing whether some savings could not be effected.

On the question of radar, I remember that when we visited the national research council last year we were told that while radar had been used previously on large steamers, through invention and science they now find that it is possible to make cheaper radar sets which can be used on small pleasure boats and on small tugs. I understand they are also being used on fishing boats. It is likely that a great saving could be made if this question were investigated with a view to adopting safe and up-to-date aids to transportation and doing away with outdated methods.

I see the hon. member for Inverness-Richmond (Mr. Carroll) in his seat, and I should like to make one or two comments on his speech of a few days ago—it has been referred to already by the hon. member for Cape Breton South (Mr. Gillis). The hon. member for Inverness-Richmond is very fortunate—indeed he is more fortunate than most of us from the maritime provinces, and perhaps for that reason he can look in a more detached manner upon our situation down there. A few days ago he said that the people of the maritime provinces were more or less to blame for the situation in which they found themselves.

Mr. Carroll: Mr. Speaker, I am sorry that the hon. member is following in the footsteps of the hon. member for Cape Breton South. I did not discuss the maritime provinces at all in connection with confederation and industries. My sole theme was the province of Nova Scotia.

Mr. Brooks: It is a queer thing to me if Nova Scotia is not a maritime province. What applies to Nova Scotia applies also to New Brunswick and to Prince Edward Island, or to any of the four maritime provinces. The hon. member was speaking about Nova Scotia, and he made light of the decentralization of industry. He said it would be foolhardy for anyone to stand in his place and say that governments or government policies could have anything to do with the decentralization of industry, and contended that it was entirely a matter for the provinces.

I agree with the hon. member that it is not possible for this or any other government to go to a large concern and say: you must send part of your factory down to New Brunswick, or Nova Scotia, as the case may be. We do not say that, nor do we believe it. But we do say, as was pointed out the other day, that before confederation the people of the maritime provinces were prosperous, and after confederation dozens, yes hundreds of industries, left the maritimes and came to central Canada. We contend that it was policies of the federal government which caused the loss of industries in the maritime provinces.

We are not asking this or any other government to force individual companies to send branches to the maritimes, but we are asking that freight rates, fiscal policies, and other matters under the control of the federal government be handled in such a way that it will be profitable for industries to disperse their plants and to go into the maritime provinces. It was the policy of the federal government which drove them out, and we believe a policy can be evolved which will send them back.

Let me point out some of the disadvantages of centralization. If the hon. member for Charlotte (Mr. Stuart) is in his seat, he will recall that for many years there was in the town of St. Stephen a soap factory. A few years ago Lever Brothers obtained what amounted almost to a monopoly of the soap industry in this country, with the result that the factory was closed and was moved to Ontario. This meant less purchasing power in St. Stephen. It meant a loss of business; it meant that those whose employment depended on that factory had to take their families away. That is one of the results of of centralization.

Then let me illustrate the principle of decentralization. Only last year it was decided to build a cement factory in my constituency of Royal, at a place called Havelock, with the result that today the Canada Cement Company is building a plant there. It will employ about three hundred persons. The village today has a bank and a theatre; it has enlarged its schools; the merchants are prosperous, and the farmers of the area have a market in which to dispose of their goods. That is what decentralization means, Mr. Speaker. As I said a moment ago, we had a bitter experience with centralization.

I should like to discuss for a few moments an item which appeared in the press a few days ago with regard to an interview given by a member of the Nova Scotia legislature who was paying a visit to Florida and reported in the Florida press. Had he been an ordinary visitor the press and the people of Canada would have disregarded it. However, since he was a member of the Nova Scotia government there was more inclination to take his remarks seriously. The press report states that Mr. Harold Connolly, on his visit to Florida, predicted the union of Canada and the United States within a quarter of a century. I believe I know as well as anyone the people of the maritime provinces, particularly those in my own section, and I would say that not ten per cent of them want Canada to become part of the United States. He went on to say, as indicated in the press report:

> The people of Canada have a greater affinity for the United States than for Britain.

I do not know where he gets his information. The report continues to quote him as follows:

> The people of these two countries speak the same language, think along the same lines . . .

In Canada we speak two languages, both French and English; and I am satisfied that if within twenty-five years we became part of the United States we would not retain those two languages; rather we would all speak one language, what might be called the American language.

I have referred to this matter because I feel that Mr. Connolly was talking through his hat—or perhaps he was affected by the extreme heat of Florida, in contrast with the cold climate of Nova Scotia.

Mr. Dickey: Mr. Speaker, on a question of privilege, apparently the hon. member is quoting a recent press report. I am sure if he will read the explanation of that report, which has been given due publicity in the same paper, it will be clear to him—

Some hon. Members: Order.

Mr. Speaker: Order. I do not think that is a question of privilege.

Mr. Dickey: Well, Mr. Speaker—

Some hon. Members: Order.

Some hon. Members: Sit down.

Mr. Speaker: Order. If the hon. member would like to speak in the debate, provided he has not already done so, he will have that opportunity at some time after the hon. member for Royal has concluded his speech.

Mr. Fournier (Hull): May I ask the hon. member a question? Does he know that Mr. Connolly denied that statement?

Mr. Brooks: I have not seen any report which indicated that Mr. Connolly had denied it.

Mr. Dickey: Read the papers, then.

Mr. Brooks: He may have tried to deny it; I do not know. However, I should be more inclined to take the view of Professor Love, of the university of New Brunswick, in the matter. A press report of the speech by Professor Love, delivered at Orono, Maine, on April 19, states:

> The determination of Canadians to retain a distinct national culture, and their hope of thereby providing a strong link between the United States and Britain, were expressed here today by Prof. Robert J. Love, who is head of the department of education at the university of New Brunswick and was addressing a group of students and educational leaders at the conference on Canadian-American affairs being held here under the sponsorship of the university of Maine.

Then the report quotes Professor Love in these words:

> "There were many influences of the United States on Canada, but we are distinctly Canadian and intend to stay so," he said. "We want to stay Canadian, not because we don't like the United States, but because we feel we can accomplish more, contribute more, on that basis." He went on to point out that one of Canada's particular contributions would be to act as a strong bond between the United Kingdom and the United States.

In my opinion that expresses the situation quite clearly as to how we feel in Canada.

In closing I should like to refer to a matter that particularly affects my constituency. In the course of this debate we have heard some excellent addresses on dairying in Canada. We regret the position in which the dairy interests of this country find themselves. This is so particularly in the valley of the Kennebecasis in New Brunswick.

An hon. Member: Where is that?

Mr. Brooks: In my constituency of Royal, one of the finest dairying counties in eastern Canada, and I think one of the finest in all Canada. There are three large butter factories in my constituency. There is the Sussex Cheese and Butter Company; there is the Millstream dairy, and there is the Harvey dairy at Hampstead on the Saint John river. The butter factory at Sussex had the distinction a few years ago of making more butter in one season than any other factory in Canada. That will give hon. members some idea of the extent to which our part of the country is interested in dairying. The town of Sussex, my home town, has been known as the buttermilk town.

What the hon. member for Hastings-Peterborough (Mr. White) and the hon. member for Lanark (Mr. Blair) pointed out with regard to their constituencies is true also of our part of the country. Because of the high prices obtainable for dairy cattle, many farmers have been selling their herds, with the result that there is not as much dairying going on. Many young men who are purchasing farms with the idea of going into dairying find it almost impossible to buy dairy cattle today, because they cannot afford to pay $300 or $400 a head for them. A total of 47,000 were sent to the United States last year and, practically the same number the year before. Many thousands more will be sent this year, with the result that dairy herds will be considerably depleted in some parts of the country.

The dairy industry is suffering severely from these conditions. I should like to advocate what was advocated by the hon. member for Lanark, that something be done in this connection, that a floor price of 62 cents be placed under butter as requested by the dairying industry. I hope that the Minister of Agriculture and the government as a whole will give serious consideration to this matter, which is so important to dairy farmers of my constituency as well as to the dairying interests across Canada.

Mr. James Sinclair (Coast-Capilano): Mr. Speaker, in rising to take part in this budget debate I intend to limit myself to a discussion of matters which were dealt with in the budget presentation of the Minister of Finance (Mr. Abbott). So far, various members have spoken of problems affecting their riding, which is a common practice in the budget debate. There are some problems in my riding which I should like to air, but I shall not do it at this time, for fear that the hon. member for Kamloops (Mr. Fulton) may be in confusion as to whether I am speaking as the parliamentary assistant to the Minister of Finance or as the member for Coast-Capilano.

Mr. Fulton: A lot of us are confused when you speak.

Mr. Sinclair: I am going to do my best to enlighten the hon. member, if that is possible, during the course of this speech.

In his budget speech the Minister of Finance gave a comprehensive review of the

economic position of this nation. He indicated the steady growth that Canada has undergone since the end of the war. He indicated the financial measures which the government feel they must take in order to pay for our greatly increased defence expenditures and to take part in the joint defence of freedom to which this country is committed.

I think the people of the country appreciate that the budget is a tough but realistic one. Actually I think they expected it to be much more severe. I think they appreciate that the Minister of Finance had laid a heavy load on the people of this country but it has been laid fairly. To my mind no better evidence of this statement can be found than what was contained in the leading editorial of the Toronto *Telegram* the day after the budget presentation. As hon. members know, the Toronto *Telegram* is the one true blue, unswerving champion of the Progressive Conservative party. This editorial starts off as follows:

> Budget lays Heavy but Even Burden
>
> As a budget designed to raise revenue on a fair basis to pay for defence costs that all recognize must be met, Mr. Abbott has done a creditable job.

Then they go on to analyse the various proposals in the budget, and they conclude with the following words:

> In laying a heavy burden on the Canadian taxpayer Mr. Abbott has judged that the country realizes the need for a strong defence, and in the main he has laid the burden evenly on everyone's shoulders.

Since the introduction of the budget various members of the opposition have criticized certain of the tax proposals. Those of us who sat in the budget committee knew long before the budget was introduced into the house from what direction these attacks would come. The C.C.F., of course, would criticize the corporation tax, that we were not soaking the companies enough. Both parties would recoil in horror from any increase in the personal income tax. They would decry our policy not to increase taxes on that luxury, liquor, and at the same time they would oppose our putting increased taxes on those necessities, cigarettes. They would call the cut in the tax on candy appeasement of the children. We knew that the tax on electrical appliances would be labelled by the opposition as a blow to the Canadian home. Above all, we knew that the two per cent increase in sales tax would never be referred to as a two per cent increase but as a twenty-five per cent increase.

We knew these things would come, because the function of an opposition is always to oppose all tax measures and never to suggest any alternative tax measures. Let me turn, therefore, to each of these items.

First, let me recall to hon. members that the task facing the Minister of Finance this year was to raise an extra $400 million to meet those defence costs which have been so thoroughly endorsed by members of this House of Commons. The primary purpose of this budget is to raise revenues; the secondary purpose of these tax measures is to curb unnecessary spending in order to make goods and materials more available for defence needs. In this task the minister has tried to spread as fairly as possible the load upon the Canadian people.

Let me turn first to the corporation tax. That, of course, was the field of main attack by the leader of the C.C.F. (Mr. Coldwell). At the end of the war we had an 18 per cent corporation tax, plus a 100 per cent excess profits tax. That was changed later to a flat 30 per cent corporation tax which was applied to all the profits of corporations. Later, as a measure of encouragement to small companies, we changed that tax to 10 per cent on the first $10,000 of profits, and to make sure that the country did not lose revenue because of this change we increased the tax on the bigger corporations to 33 per cent. That was the tax in effect on corporations of this country at the time of the Korean aggression. The baby budget last fall provided for an increase in taxes to meet added defence costs, one being an increase of 5 per cent in corporation taxes as well as a substantial increase in the liquor taxes. The corporation tax was then 15 per cent on small companies and 38 per cent on big companies, plus the 5 per cent tax which we collect for eight of the provinces, and in the case of Quebec and Ontario plus the 7 per cent tax which they levy. Now, again to meet still added defence costs, the minister has imposed a surcharge of 20 per cent on this corporation tax rate.

Why a surcharge? There are good reasons for a surcharge instead of another change in the rates. In the first place it leaves the existing tax structure unaltered. Whatever tax is payable under the old plan, in the end 20 per cent more is payable. The second reason I think is good psychology; it is that every corporation—and the same applies to individuals—in making out its tax return may have again impressed upon it the cost of the defence program, because this is a defence surcharge. If conditions in the world improve that 20 per cent surcharge can be lowered. If conditions get worse it may be necessary to increase it. We did not put the surcharge on the small corporations; but that now lifts the corporation tax payable in Canada to 50·6 per cent on gross profits in eight of the provinces and to 52·6 per cent in the two central provinces, where incidentally most of

the corporations are located. This means that in Canada today we are taking more than half the gross profits of the corporations. It means in effect that the people of Canada are the major shareholders in every successful corporation. Of course if they do not make money it is their own money they lose, but we are now taking more than half the profits of the successful corporations of Canada.

The leader of the C.C.F. party asserts that we should be taking still more. He complains of rising profits, and suggests that a cut in those profits would mean a cut in prices. I am indebted to the editor of the Montreal *Gazette* for calling to my attention an excellent publication put out by the British Labour party entitled "This cost of living business." You know, over in Britain the socialists are in power, and they have the same problems as far as inflation is concerned as the Liberals have in this country. The publication to which I refer is not a government publication. It is not an official publication of the Labour party. It is a pamphlet turned out for the benefit of their supporters, so they may have some of the answers to give the people who are complaining about this high cost of living. I would recommend the pamphlet to every hon. member of this house, because it will show the difference between the thinking of the socialists who are in power and socialists who are not in power. You will realize, of course, that the British Labour government, like the socialist government in Saskatchewan, have learned some bitter lessons while in power. In Saskatchewan they learned those lessons through their boot factory and their blanket factory. In Britain they learned them through the ground nuts scheme in Tanganyika and the poultry scheme in Gambia. The portion of this pamphlet to which I want to direct particular attention, however, is the part relating to profits. All hon. members have heard the socialists in this country denounce the profit motive. They would work for production for use, not for profit. The socialists of Britain were no different until they got into power, but this is what the pamphlet says:

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

[Mr. Sinclair.]

Something most of us knew a long time ago.

> When prices are rising, and both production and sales increasing as at present, profits are likely to be relatively high and rising. This is not to say that all firms or all industries will be making profits. Most consumer goods are made by a fairly large number of firms, the profits of which vary between the leading and the less efficient firms.
>
> Profits tax prevents the accumulation of excessive profits. The proceeds of this taxation help to pay for food subsidies, social services and other instruments of community welfare.

Then what can be done in reference to limiting profits?

> Can we, then, cut profits?
>
> First, it has been explained that, to the extent that profit makes provision for re-equipment and new building, it is an element in increasing efficiency in industry which, in the long run, should make price reduction possible. This leaves then that part of the profit which is distributed to shareholders.
>
> A reduction in distributed profits could do little to reduce prices. They are a very small part of the cost of any item so, although there are very many excellent reasons for dividend limitation and profit control, their effectiveness as a means of reducing the cost of living is not one of them. Even if profits were eliminated altogether there would still be a cost of living problem.

If the leader of the C.C.F. does not want to learn from the experience of the Labour government in London, I have another suggestion to offer. It is a suggestion I have made in the past. I am always amazed that those who speak for the socialist party about business, business profits, corporation taxes and so on, are those who have had absolutely no experience with them. I would like to see the leader of the C.C.F. party put up the hon. member for Moose Jaw (Mr. Thatcher) or the hon. member for Yale (Mr. Jones), both extremely successful businessmen, and let us have their views on whether or not we are taxing corporations enough. Let us have their views on whether it is possible for business to evade taxes or to ease the burden. I make it a point, of course, to talk to as many people in business as I can and get their reaction to tax changes, and I have spoken to the hon. member for Moose Jaw. I am sure he will not think I am abusing any confidence when I say he gave me a new wrinkle after the last tax change went through. He said, "Abbott is now the major shareholder in my company. He takes 50·6 per cent of the profits, and more than that he takes it in cash payable immediately. I am left with accounts receivable, stock on hand and the investment I put into the business."

The next point is this matter of the limit of 5 per cent, which the leader of the C.C.F. also criticizes; that is, that the surtax should not cut the profits of any corporation to less

than 5 per cent of the capital employed. The reason for this is very simple. There are corporations in this country whose profits are limited by federal, provincial or municipal regulation. I refer to the group of corporations generally called public utilities. Their profits are limited; the rates they can charge are tied in with the profits, and when we levy a heavy tax rate on corporations like that of course we greatly reduce their earning power. That is a bad thing if at the same time we are expecting those companies to expand. Today, with defence needs what they are, we are expecting the power companies of this country to greatly expand their facilities for the production of electrical power. We are expecting these corporations to improve their transportation facilities. That requires more capital. They certainly are not going to get it from profits, because their profits are limited, and since we have increased the tax they have great difficulty borrowing in the open market. Who will put money into a corporation where the profits are so limited when he can just as easily put it into other industrial stocks which are making higher profits? That is the reason we have this safeguard that the surtax shall not reduce the profits of those public utilities corporations to less than 5 per cent.

The third point in connection with corporation taxation is this change in depreciation, this deferred depreciation. It is a direct consequence of the fact that we are now taking more than half the profits of a corporation. Once we do that we cross a psychological barrier and get into the field of excess profits tax thinking. The businessman thinks the government is taking more than half his money. Then, of course, he is an easy victim to those salesmen who try to load him up with every type of frill for his business, electric typewriters, fancy chrome fronts and all that sort of thing, with the thought that the government is going to pay for half of it out of profits and the depreciation will take care of the rest. It was to stop needless expansion of unessential industry at this time that the minister announced this plan, not to halt depreciation but to postpone depreciation on such items for four years. The choice is the choice of the individual businessman. If he chooses to go ahead, that is his choice; but he will get no depreciation on it until the four years are up. Curiously enough the British, in their budget presented the same day, arrived at almost the same device to halt needless expenditure in unessential business.

I should like to finish this corporation tax with just one other item for the leader of the C.C.F. party. Actually Canada taxes corporations much more heavily than does the Labour party in Great Britain. Until this budget the British had a tax of 30 per cent on distributed profits, that is dividends paid out. In the last budget, that was raised to 50 per cent. We, however, have this tax today of 50·6 per cent on all profits paid out or not. If they are paid out as dividends, they then become subject to the personal income tax which ranges from 15 per cent in the first bracket to 80 per cent in the top bracket. If the eventual recipient of those dividends dies, then we take another crack at it in the form of very heavy succession duties. On the other hand, if the corporation itself chooses to keep half of those profits in the form of adding to the capital, we charge them 15 per cent.

I turn now to the personal income tax and the 20 per cent surcharge. It was put on for exactly the same reasons as I mentioned in connection with the corporate tax. It would not alter the existing tax structure, but it would be a constant reminder to every Canadian that the defence of freedom is not free. There is a price that we must pay for these things. Of course, we expected an immediate revival of the exemptions bidding and criticism of our political opponents as we had later in 1949. We had the Tories bidding $1,200 and $2,400 in 1949, and we had the C.C.F. bidding $1,500 and $3,000 as exemptions under personal income tax. Those bids have been repeated. The only interesting thing about it is that the member for Hastings-Peterborough became a little confused and though a Tory he made the C.C.F. bid of $1,500 and $3,000.

I should like to turn now to the subject of the surtax and those exemptions. The most curious charge in connection with the surtax was made by the leader of the C.C.F. (Mr. Coldwell) and the member for Assiniboia (Mr. Argue) when they said it was not progressive. This is not just progressive, it is violently progressive. We will take an example of $100 of taxable income in the first bracket and then in the top bracket. In the first bracket, $100 at the old rate of 15 per cent will take $15 out of the hundred leaving him $85 income. At the new rate, with 20 per cent surcharge added, he pays $18 tax. He is left with $82, so he has suffered a cut in income from $85 to $82, 3·5 per cent. Let us take $100 in the top bracket, the 80 per cent bracket. Under the old tax rate a man had $20 left. We increased the 80 per cent by 20 per cent to make it 96 per cent, so he is left with $4. In other words, the income he received has been reduced from $20 to $4, an 80 per cent reduction in his income. That is not just progressive, it is so violently progressive

that, as the Minister of Finance (Mr. Abbott) pointed out in his budget speech, we cannot go on with that level of surcharge. If it is necessary to raise additional taxes there will have to be a change in the base rate.

I should like to consider the commodity taxes now. To start off, of course, there is liquor. Hon. members generally, except the Conservatives, deplored the fact that we had not increased the tax on liquor. An expression used was that liquor was going scot-free. I want to tell you today that liquor is one commodity on which we have never reduced the taxation, even in the glorious days of the sunshine budget. Liquor was the first commodity we hit in the baby budget. Today a bottle of rye whisky which the distiller sells to the liquor control board for $1.10 costs the consumer $4.25, a 300 per cent mark-up on the manufacturer's cost; that is certainly not "scot-free". We have felt from an examination of our tax records that the point of diminishing returns has almost been reached so far as the liquor tax is concerned. It is aggravated by the condition that there is such a disparity between the cost of manufacture and the cost of sale, and when the actual manufacture is a fairly simple process. You always have the threat of widespread bootlegging and moonshining. It was for these reasons that in this budget liquor was left untouched.

If we had any doubts about how right our position was, it was certainly put at ease by a statement made by Premier Frost, who after all is the only Conservative premier in Canada today, and is generally regarded as the white hope of the party. In the legislature in Queen's Park, he had this to say about the liquor tax:

> My own preference would be in favour of the federal government making some suitable arrangements to vacate the liquor tax field, so that the provinces would not only have the problems but the revenues. Indeed, I now express the hope that the federal government will make a start by not imposing new taxes in this field.

Then he added later:

> The province of Ontario might be pushed into a $10 million deficit by further federal taxation of liquor.

Then later he added:

> I have expressed these views to the Minister of Finance and others, and have stated them publicly, and I take this opportunity of reaffirming my position.

Well, that was one of the reasons why the liquor tax was not increased.

I have had much pleasure in sitting as a listener during the last two dominion-provincial conferences. I think one of the great tributes which can be paid to the Prime Minister (Mr. St. Laurent) is the harmony which now exists between the federal government and the ten provinces. It was for that reason there was no consideration at all given in this budget to moving into some of the joint fields in which we were during the last war, such as the amusement tax, parimutuel tax and gasoline tax. At the moment we are leaving those to the provinces. Mind you, this is not a tax matter so far as the provinces are concerned. They are in the business of selling liquor just as any other concern who is in business in Canada selling any commodity. They are appealing to us for tax relief in the same way as any other business group comes to the Minister of Finance and puts forward special pleas as to why their commodity should not be hurt so far as extra taxes are concerned.

There was another reason which I think would not have affected the thinking of the Minister of Finance but which is in the background as far as such members as myself are concerned. Suppose we had increased the liquor tax and Premier Frost, who is also the provincial treasurer, had had a deficit of $10 million: we might have been accused of deliberately dulling the lustre of the only good leader the Tories have in the field at the present time. We have preferred to leave that job to the hon. member for Ontario (Mr. Thomson), who will do that job this year.

Taking candy as the next item, we had tangible evidence of the law of diminishing returns here. In the baby budget we imposed a 30 per cent tax on candy. The candy manufacturers were able to show through their sales, and the Department of National Revenue could see from the tax collections, that the tax was too severe in relation to the tax on other industries. They were suffering a steady loss of income. It was for that reason that the tax was cut from 30 per cent to 15 per cent. It has always been the intention of the Minister of Finance to spread the tax load fairly across all industries. If a mistake is made, it will be corrected, as we have corrected this.

The excise taxes are the next group, and I think there is fairly general agreement that the increase in tax from 15 per cent to 25 per cent on luxuries and semi-luxuries was necessary. There was, of course, a protest on the special 15 per cent tax increase on electric stoves, refrigerators and washing machines. Well, that tax was imposed, first of all, for the same primary reason as other taxes, for revenue. The second reason was to check spending on goods with defence content. The spending on these items has been amazing in the last few years. The Minister of Finance put on the record some of the increases in sales in individual goods,

not dollar sales. Refrigerator sales, for example, last year were double the previous year and three times the year before. These articles, of course, are articles which do use a great deal of material which is extremely necessary for defence. We think of steel first of all. There is another one, though, copper. Some of you may have seen the quite striking advertisement appearing in most of the United States magazines this month, by the Anaconda Copper Company, the greatest primary producer of copper in the United States and one which generally does not advertise in consumer magazines. The advertisement is headed:

How many rounds can your kitchen shoot?

Then they go on to say:

It takes all the copper in your kitchen—in your refrigerator, range, washer, mixer, toaster—to make the ammunition a ·50 calibre machine gun fires in less than a minute.

This fantastic ratio of war to peace—one B-29 to 1,670 electric ranges, one tank to 47 refrigerators—is a problem that is straining every resource of the copper industry. Despite this enormous effort, it is impossible to provide enough copper, brass and bronze for our military needs and all our civilian wants as well.

The taxes on these things are regrettable but necessary. I think indirectly however this indicates a great rise in our standard of living when members here assert that it is the almost inalienable right of every young Canadian couple who get married to have an electric refrigerator, an electric washing machine and an electric stove. I do not think many members of this House of Commons started out in married life with those possessions.

Mr. Cardiff: Would you like to go back twenty-five years?

Mr. Sinclair: Now I come along to the sales tax. The minister, in his own presentation, brought it up by detailing expected revenues and showing that he was still $100 million short of meeting the extra defence expenditures which had been approved by this house, and therefore there was the remorseless necessity of increasing this basic sales tax. We did not change the base. That fact must be repeated. The sales tax today does not apply to food, fuel or building material. Each year we have widened that base. The minister put on the record the dominion bureau of statistics' estimate that only one-quarter of the expenditures of a low income family are today subject to sales tax. But other members, such as the hon. member for Greenwood (Mr. Macdonnell) for example, traced the change in the sales tax over the years—the steadily mounting sales tax—and inferred that it was owing to government extravagance. Let me also point out other things that have happened over the same years as the increase in the sales tax: Family allowances, $300 million; old age pensions, another $100 million; a national health program, $35 million. Those three items alone cost more than the $400 million which is raised today by the 8 per cent sales tax. I cannot help but think that the quotation from the minister on this point, as reported at page 1815, should be repeated in *Hansard*:

It is an inexorable rule of life that we can never really get something for nothing. Nothing is really free. Everything worth while has its costs. Tonight is the annual occasion when we count up the cost of our policies in terms of money. That cost is high, but failure to achieve our objectives of peace, security and financial integrity would involve infinitely greater and more painful cost.

The one suggestion that the hon. member for Greenwood had was that we could have avoided this increase in sales tax if the government would practise economy, if they would stop needless waste, extravagance and unnecessary expenditures. Early this session I made quite a long speech on this subject. The speech was prompted by the speech of the leader of the opposition (Mr. Drew) out in Saskatoon, in which he said that he could save or lop off half a billion dollars from government spending, without affecting defence spending or necessary civilian services. In this house I repeated the challenge to him. I asked for the co-operation of every member of the house in indicating where the savings were to be made; because the Minister of Finance (Mr. Abbott), as chairman of the treasury board, is more anxious than anyone else in this country to see such savings effected. Since that time I have been keeping a careful note here on my desk. Every time a Conservative member spoke, I listened for practical specific suggestions with respect to economy.

An hon. Member: And you did not get any.

Mr. Sinclair: I did get one. I got almost one from the hon. member for Comox-Alberni and today the hon. member for Royal, who spoke before me, made the second practical suggestion. He said that from his own knowledge in his own riding he thought that perhaps, because of changed conditions, we could do without some of the lighthouses on the Saint John river. When I spoke earlier, that was the very thing that I invited hon. members to do. They have the best knowledge of conditions back in their ridings, as to what facilities are no longer necessary, and what facilities have superfluous staff. I sincerely thank the hon. member for bringing forward the only tangible and specific economy suggestion mentioned by the Tory party this session. It is true that members

of the opposition talk in resounding phrases about needless expenses for publications and travelling expenses. The hon. member for Northumberland (Mr. Robertson) the other night pricked the bubble of this claim with regard to travelling expenses made by the hon. member for Eglinton (Mr. Fleming). The hon. member for Eglinton pointed out that despite these economies, travelling expenses are up $8 million; but the hon. member for Northumberland showed that they were up $8 million entirely because of added defence and defence production expenses and because the Royal Canadian Mounted Police had taken over another province, namely British Columbia. The Tories talk about publications and publicity generally, but never specifically. A little earlier this session I put through the Farm Improvement Loans Act, and two hon. members asked: How do farmers know about this. They do not seem to know enough. We should have more publicity. The hon. member for Huron North (Mr. Cardiff)—

Mr. Cardiff: I am right here.

Mr. Sinclair: Yes; so I see. I said that we had not spent a great deal. He said, "You should be spending more on publicity." He is quite right and we are. When the Tories get down to specific instances, they find that the expenses are justified. So they content themselves with making these sweeping charges about extravagance, needless expenditures, Hoover commissions and half-billion dollar savings. There is one place where they might get any information they please about any expenditure the government has made, audited by the controller of the treasury, audited by the Auditor General; that is in the public accounts committee. That takes hard work, of course. You cannot go in on a fishing expedition, as some of them do—open the book on public accounts and say, "What does this mean?" They should have had all the data that they could receive from the minister by way of orders for returns, from the department by way of letters, and from their constituents by way of knowledge of the services before they enter public accounts committee to ask about items. But let us see just what is the attendance of these economy-minded Conservatives on the public accounts committee. They have ten members on the committee headed by the leader of the opposition. In the meetings so far they have had in attendance three members, three members, six members, four members, four members, three members, two members; and never once has the leader of the opposition bothered to attend a meeting of the public accounts committee. He prefers of course to speak back in Saskatoon about half-billion dollar savings. He prefers to make these resounding speeches about extravagance and needless expenditures but never once to mention one specific economy. As I said when I spoke earlier, I was looking for suggestions for economy which these Conservatives were making and here I have three solid pages of notes which indicate that almost every member over there, some time since this session began has made, not suggestions for economy but rather many, many suggestions to increase government expenditures. I see that my friend the hon. member for Lake Centre (Mr. Diefenbaker) is in his place. I think he is the only personal friend I have in the Conservative party. He made a great speech in this house just a couple of days ago, and in it he did two things. In the first place, he decried government savings as far as the civil service was concerned; they were paltry, he said—5 per cent. Economy has to start somewhere.

Mr. Diefenbaker: I spoke of the post office employees.

Mr. Sinclair: Yes, he spoke of the post office; that is quite true. Yet the post office is the biggest employer of labour in the government service. How are you going to make economies in the civil service if you do not do so in the post office which is the biggest employer? But while he wants to cut expenditure, and so save taxes, he says we are not doing enough in the Colombo plan and that, instead of spending $25 million, we should be spending $50 million. Fifty million dollars is one per cent on the present sales tax.

Mr. Diefenbaker: Mr. Speaker, I did not say that, as a matter of fact. My hon. friend apparently did not realize that I made no such statement the other day. Some weeks ago, in the course of a speech, I suggested that this was one expenditure that would be part of the defence expenditures of this country. I suggested $50 million. The government decided on $25 million. I raised no objection in any way the other day.

Mr. Sinclair: That is just my point. While that speech was on the radio, the speech the other day was almost the same, with the exception that in the one on the radio the hon. member advocated $50 million, but in the house just inferred it. Again desirable, I agree, but these are expenditures which do not decrease the tax rate of the Canadian people; they increase the tax rate of the Canadian people. The Liberal members of this house are willing to advocate such things, but they are also willing to have the necessary taxes to get these things. The

members of the C.C.F. also are very keen in advocating increased expenditures, but they do say the money can be found by soaking the corporations, or by running business themselves. Even the members of the Social Credit party have their solutions, and they tell us how money can be found. Only the Conservatives keep insisting on still greater expenditures in this house, but never suggest one means by which a specific saving can be made, except that the hon. member for Royal (Mr. Brooks) today suggested we could do away with certain lighthouses, and the hon. member for Annapolis-Kings (Mr. Nowlan), speaking as the national chairman of the Progressive Conservative party, opposed the St. Lawrence seaway last week. We Liberals do think that the St. Lawrence seaway, which will cost us half a billion dollars, is a necessary and worth-while expenditure for all Canada. But it was nice to have on record the fact that the president of the national Progressive Conservative association, speaking in this House of Commons, opposes officially the St. Lawrence seaway. That is one economy on which the Tories have agreed.

I now want to make a few remarks on propaganda. In the old days of parliamentary debate facts were countered by facts. It is true that some people shaded the facts, and some people quoted only the facts that suited them. But in the 1930's a new technique was developed by Joseph Goebbels, namely the technique of the big lie. Tell a big enough lie and tell it often, never quote facts, and in the end you will get perhaps the ignorant and the credulous to believe you. The Russians have picked it up. "Russia wants peace; Russia wants peace. The west wants war; the west wants war; the South Koreans and the United Nations are the aggressors; the North Koreans are defending themselves". Repeat it endlessly and you may bring convictions. The one essential in this is to hammer away incessantly on the big lie, never support it by facts. Ignore facts, hoping to get the credulous, the ignorant and the misinformed to believe you. Today in Canada, the national Progressive Conservative party has adopted the technique of the big lie. They are barren of policy, devoid of an appeal to the Canadian people, unhappy in their leadership—

Mr. Tustin: Nonsense.

Mr. Sinclair: —and so they have turned to this one great charge, "the government is extravagant; the government is wasting money; the government has needless expenditures"; but never do they come forward with tangible items saying: We will cut this out. Never do they restrain themselves from making other demands on the treasury, they make endless bigger demands. I think the Canadian people are too well informed to fall, as did the Germans and as have the Russians, for the technique of the big lie. I think they have a great admiration for the great job, and the courageous job which has been done in connection with the finances of this country, both in war by the Right Hon. J. L. Ilsley, and in the difficult days since the war by the present Minister of Finance (Mr. Abbott).

It would have been a very easy thing in these recent years, since the Minister of Finance has had surpluses, for him to have done one of two things: to have cut taxes across this country to make a good fellow of himself—

An hon. Member: He did on the eve of an election.

Mr. Sinclair: —or, second, to have said yes to all those demands of the Conservatives for expenditures on Passamaquoddy and bigger subsidies on grain and hogs and cheese, and bonuses on gold, on floor prices for potatoes, on cheese and all the many things that they have advocated without ever mentioning the taxes to pay for them. Instead he chose to follow the path that any prudent Canadian, be he farmer, fisherman or businessman, has always followed. In good times, you pay off your debts. I think the most glowing tribute to the present Minister of Finance has not been said in glowing words in this debate but is found buried in the cold statistics of the public accounts. Page 50 of the public accounts shows the debt position of this country. Since 1867 to 1946 in only 15 years did we pay our way and have a surplus. The surplus in all those years totalled $300 million. Since the minister became Minister of Finance, in 1946 in the five budgets that he has presented every year we have had a surplus which has been applied to debt reduction. When he became Minister of Finance our net debt was $13,400 million. Today after reductions of five years of almost $2 billion—that means almost $60 million a year in interest charges saved—our net debt is $11,400 million. The people of Canada measure up that record of courage, that record of performance, against this Tory technique of the big lie, these continued, aimless charges of extravagance, waste and endless expenditures, and the position of the people of Canada today is the same as their position in June, 1949, when they gave such great endorsement to this government.

Mr. J. A. Charlton (Brant-Wentworth): Mr. Speaker, taking part in the budget debate one hesitates to take the time of this house

to repeat many of the things said previously, but in some cases they bear repeating many times. The previous speaker has seen fit to repeat many of the things that the opposition have been saying on the matter for the last week. Whether his hindsight is better than his foresight remains to be seen. So far as the hon. member for Coast-Capilano (Mr. Sinclair) is concerned, I should like to tell him that if he would like to go back forty or fifty years, when he suggests that many hon. members did not have refrigerators and electric stoves when they started housekeeping, and for that reason probably the young couples today should not desire to have these things, I do not agree with him.

He also accused the party to which I have the honour to belong of the technique of the big lie. People in glass houses should not throw stones. The Progressive Conservative party at least say the same thing in the House of Commons as they do outside.

Mr. Sinclair: George Valade!

Mr. Charlton: I wonder whether that can be said of many of the ministers of the crown in the past six months, because we have an instance of statements being made in the House of Commons when the education resolution was up for discussion some time ago, and the Liberal members all voted against that resolution, and one of the ministers saying outside that the government is prepared to give federal aid to education. Is that misrepresentation, or holding a carrot in front of the people on a stick?

Certainly the opposition is not the government. It is up to the government to bring forward a policy and to defend that policy. Certainly it cannot be said that the government has not all the powers necessary to control inflation; but what do they do? Next to nothing. "The time is not yet; not now, later. Wait and see". The whole trouble is apparently they have a wildcat by the tail and they can't let go. Neither are they trying to do anything to clip its claws.

In a radio speech last Tuesday evening, April 17, the Minister of Finance said that it was not price controls we need, but purse control. I consider it an insult to the Canadian people, Mr. Speaker, when the controller of their pocketbook tells them that they cannot spend money, but the government continues merrily on its spending spree. From the best information available it would appear that we are facing a further increase in the cost of living, even before the budget was presented to this house.

It is no exaggeration to say that the tax increases announced by the Minister of Finance will materially contribute further to existing difficult conditions, particularly on the lower income groups. In short, Mr. Speaker, it is no exaggeration to say that the actions of this government, as expressed through the Minister of Finance and the taxation measures he has selected, will certainly help the workingman in Canada to keep his head below water. It can have no other result. Certainly manufacturers are not going to absorb any portion of that extra tax, and as prices increase, taxes pyramid and the consumer pays. This has been proven in the case of cigarettes; the extra tax on cigarettes was three cents a package but the price increase was four cents. Gasoline and diesel oil are other examples of increases due directly to this budget. It is not common to see a man in work clothes smoking cigars, but the tax on cigars was not increased; it was increased only on pipe and cigarette tobaccos, products which the man in working clothes uses.

The special excise tax of 15 per cent for instance on stoves, refrigerators, washing machines and radios will make it that much more difficult for young couples starting up housekeeping. The tax on liquor was not increased. Most harsh of all, however, was the 25 per cent increase in the general sales tax, which will affect every citizen of this country. On June 4, 1940, the Hon. J. L. Ralston referred to the sales tax in these words:

> We realize that increases in indirect taxes disguise the burdens imposed by the war, but they are much more likely to distribute these burdens harshly and unfairly.

And Mr. Ilsley on April 29, 1941, said this:

> An increase in the sales tax has, I think, been fairly generally expected. At least there are evidences of a good deal of buying in anticipation of such an increase. This tax, while comparatively easy of administration and collection, and extremely productive, has marked defects as a fiscal instrument. After extended consideration we decided on balance against any increase. In coming to this decision we were not forgetful of the problems of agriculture, which would have been intensified had the sales tax been raised.

Later, on October 12, 1945, Mr. Ilsley made this comment concerning sales tax:

> I have been impressed also with the extent to which the sales tax is having a discouraging effect on the rapid and efficient modernization of our productive equipment.

Later in the same speech he said this:

> Particularly we should remove those taxes which imposed far back in the production process, increased costs out of proportion to the contribution which they make to the revenue.

Surely, after all that the supporters of this government have said about the general sales tax, the government will now reconsider its position on this announced increase. Added to the highest cost of living ever recorded in

this country, these new tax impositions will cause almost unbearable distress on pensioners, and others in low income groups—those least able to bear added costs. Agricultural producers will be faced with higher costs at a time when production in certain commodities is already approaching a dangerously low level.

It has been said by many that food is too dear, and is the cause of the high cost of living. While food materially contributes to the cost of living, certainly the producer is getting only a very small percentage of the consumer dollar. The following is a short quotation from the Ontario Fruit and Vegetable Growers Association booklet, stating:

> The urban public, with little knowledge of the agricultural processes, is always prone to blame the farmer for rising food prices. For some unknown reason the farmer should be content with small profits or small wages so the so-called consumer may have cheap food.

It is, therefore, interesting to break down the consumer dollar in an effort to ascertain who gets the most of it. Figures available on canned fruits and vegetables afford an excellent illustration.

The canned fruit or vegetable content per ton of raw product used varies with the efficiency and the equipment of each processor. The final yield is also affected by seasonal factors which increase or decrease the turnout, that is to say, the average quality of the produce, the percentage of waste, the high or low water content, etc. By and large, however, the following figures are average for the canning industry as a whole, based on 1950 contract prices to producers and present consumer prices at Ottawa stores:

> Canned tomatoes: 28 oz. tin; yield 50 doz. tins per one ton of tomatoes, or 3½ lbs. of tomatoes raw weight per tin. Consumer pays 18 to 20 cents; producer gets 3·5 cents per tin.
>
> Tomato juice: 20 oz. tin; yield 100 doz. tins per one ton of tomatoes, or 1⅝ lbs. of tomatoes raw weight per tin. Consumer pays 11 to 12½ cents; producer gets 1·8 cents per tin.
>
> Sweet corn: 20 oz. tin or 14 oz. vacuum packed tin (both contain approximately the same amount of product); yield 50 doz. tins per one ton of sweet corn, or 3½ lbs. of sweet corn raw weight per tin. Consumer pays 14½ to 18 cents. The producer gets 3·1 cents per tin.
>
> Green peas: 20 oz. tin; yield 192 doz. tins per one ton of green peas, or ⅞ lbs. of green peas raw weight per tin. Consumer pays 15 to 21 cents; the producer gets 3·2 cents.
>
> Green beans: 20 oz. tin; yields 200 doz. tins per one ton of beans, or ⅝ lbs. of beans raw weight per tin. Consumer pays 14 to 27 cents; the producer gets 3·3 cents per tin.
>
> Peaches: 20 oz. tin syrup pack—yield 1600 tins per one ton of peaches, or 1¼ lbs. of peaches raw weight per tin. Consumer pays 25 to 28. Producer gets 5·7 cents per tin.

Variations in consumer prices depend on the grade—fancy, choice or standard. Further proof of this is found in figures taken from the United States Department of Agriculture, bureau of agricultural economics, appearing in the London *Free Press* of April 10, as follows:

> Like this for example. Using last December's prices, if the farmer gave away the wool in a $50 suit of men's clothing the suit would still sell for $40.50. If he'd give away the wheat in a 16 cent loaf of bread the loaf would still cost the consumer 13·4 cents. If the farmer gave away the beans in a 16 cent can of pork and beans, the can would still cost you 14 cents at the grocery store. For cigarette smokers—
>
> And these are American prices.
>
> —if the tobacco grower gave away the tobacco in a 20-cent packet of cigarettes, the girl behind the counter would still ask you for 17 cents to pay for that purchase.

Net farm income has dropped appreciably in the last year. Nearly 100,000 farmers and farm workers have left farms over the last three years. Why? Because of the uncertainty of farm income. This government, through the Minister of Agriculture (Mr. Gardiner), has permitted this condition to continue by failing to give leadership to agriculture. The penny-pinching policy of the Department of Agriculture, and failure to make adequate use of the Agricultural Prices Support Act, have cost the consumer of this country millions of dollars. All producers may not agree that the prices of food commodities may go too high. Butter did, because of the failure of the government to place the floor price high enough. Therefore production falls and prices increase.

The value of floor prices, if used wisely, is the steadying effect they have on production. It is a disadvantage to both producer and consumer to allow wide fluctuation in production, thence a comparable upward or downward movement of the consumer prices, depending on supply. Farmers cannot determine the year's output as can a factory owing to the dependence of the industry on the elements of nature. If the law of supply and demand were allowed to operate without some direction by producer organizations in co-operation with the government, it would inevitably follow that there would be low prices when supply exceeds demand, and high prices when the producer has little to sell. Price support could, in some degree, protect the producer when nature has been so kind. When production later proves insufficient to meet the demand, the reserve held in price support should then be released on the market. In this manner both producers and consumers gained something from the principle of price support. To support this statement I would like to quote from an

article appearing in the Ottawa *Journal* of March 2, 1951:

Claims Price Floors for Producers Protected Consumers.

Without government price support, Canadians would be paying $1 a pound for butter and 80 or 90 cents a dozen for eggs, H. H. Hannam said today.

Support programs "have been of definite advantage to the consumer as well as the producer", the Canadian Federation of Agriculture president said in a speech before the annual meeting of the Ontario concentrated milk producers. Though price support programs for farm products have cost the government "a comparatively small amount", they have been of "definite advantage to the consumer as well as the producer." "If we had had no price support for butter and eggs, I am confident", said Mr. Hannam, "that the price by now might have been 80 or 90 cents a dozen for eggs and nearly a dollar for butter." Production would have dropped and products would have become scarce and prices of butter and eggs "would have been driven to the dollar mark."

The example of the last few months in the butter market should be sufficient proof that the floor price is too low. Cream producers of Canada through the dairy farmers of Canada and the Canadian Federation of Agriculture are of the opinion that it would require a floor price of 62 cents for butter to assure a reasonable supply for next winter and thus alleviate a repetition of the shortage and high consumer price of this year.

The whole dairy industry of this country is in a dangerous condition at the present time as explained so well by my colleague, the hon. member for Lanark (Mr. Blair), earlier in this debate. Government policy has discouraged production. Government bulk trading contracts have not proved to be the Utopia the Minister of Agriculture (Mr. Gardiner) promised of them. I would like at this time to quote an editorial from the Ottawa *Journal* of March 15, 1951:

Weakness of State Bulk Trading

While the fixing of responsibility for the sorry ending of that Anglo-Canadian wheat agreement—

Mr. Deputy Speaker: Order. The hon. member cannot refer to the Anglo-Canadian contract.

Mr. Charlton: This continues:

—what is the basic lesson to be drawn from it? Overwhelmingly the folly and danger of state bulk trading; of trading by diplomacy.

When there is only one buyer and one seller a premium is from the first placed on sheer obstinacy. And when politicians have once taken up a bargaining position and clothed it in what the London *Economist* calls "sovereign majesty," it is far harder for them than for a multitude of private traders to recognize a mistake and lose face. "Prestige" becomes important.

Further: When a group of producers, whether wheat farmers—

[Mr. Charlton.]

Mr. Deputy Speaker: There should not be any reference to the contract, and I cannot allow this discussion.

Mr. Green: On that point of order, the hon. member for Brant-Wentworth (Mr. Charlton) is discussing state trading. Surely Your Honour is not ruling that there cannot be a discussion of state trading. I can understand how you might rule that there should not be a discussion with regard to the $65 million payment, but that is not what the hon. member is discussing. He is discussing the evils of state trading, and I submit he is quite in order.

Mr. Deputy Speaker: As long as he is discussing state trading it is in order, but he should not refer to the British contract.

Mr. Charlton: The editorial continues:

Further: When a group of producers, whether wheat farmers, dairy farmers or manufacturers, ask or permit a government to do their trading for them, they put themselves into politics, mix politics with business, become beholden to the politicians who are doing their trading for them.

The wheat farmers of western Canada asked the government to sell their wheat for them, to negotiate its price.

Mr. Deputy Speaker: Order. I cannot allow a discussion of the wheat agreement.

Mr. Charlton: Mr. Speaker, I am not discussing the wheat agreement at all; I am simply discussing bulk trading. The editorial continues:

It was an unsound method of selling wheat, with the result from the outset inevitable. As the Winnipeg *Free Press* puts it:

"Bulk sale contracts are unsound contracts. No buyer will enter into such contracts unless the price is lower than the market. That was true of the—"

I shall have to skip that.

"This is the lesson that the loss will not have been in vain if the producers learn that the only guarantee of selling their wheat for what it is worth is the market."

Since these bulk contracts did not prove as Utopian as the Minister of Agriculture had hoped, he now, in his characteristic fashion, tries to find a scapegoat. While addressing the Canadian Federation of Agriculture convention at Calgary, which I had the privilege of attending, the minister's whole speech was one of defence, and I quote from the Calgary *Herald* of January 23:

British Pacts Could Be "Ridiculous"

J. G. Gardiner Outlines Canadian Trade Policy

"Every Liberal in the world believes that if we can maintain peace these agreements (British trade agreements with other countries) will very soon prove themselves to be the most ridiculous policies for promoting trade ever put into operation," Rt. Hon. James G. Gardiner, federal minister of agriculture told the Canadian Federation of Agriculture convention in the Palliser hotel this afternoon.

Defending government policy the minister referred to the history of commonwealth trading agreements to show that his government had opposed the idea of quota trading in 1936, but the Canadian government had already been committed by the Conservative government of Rt. Hon. R. B. Bennett.

His government had argued that such a plan was not suitable for a country such as Canada where agriculture could be expanded.

Until the second great war came the present government was not responsible for the plan but carried on "because no other plan was available." Canada had demonstrated that it could deliver greater quantities of food than it had been allowed under the British contracts but after the war other contracts with other countries were acknowledged.

The agricultural policies of the present federal government were actually those advocated by the government of Lord Bennett of Calgary when the latter was prime minister, Mr. Gardiner said in an interview.

In this all-out endeavour to extricate himself and his government the minister certainly had his wires crossed, as explained so well in the Winnipeg *Free Press* of February 10, a paper which by no stretch of the imagination could be said to be biased against the government. I quote:

Mr. Gardiner's Views

Speaking in this city a few days ago at the annual banquet of the Manitoba Liberal-Progressive Association, Mr. Gardiner, referring to bulk contracts remarked that he agrees with the views of the *Free Press*. "My friends of the Winnipeg *Free Press*" he said, "don't like bulk contracts. Neither do I. I have only one objection to the Winnipeg *Free Press* articles and that is they try to make you believe that I think differently to them on this subject." The only difference, he went on, was that he knew the history of this development and tried to place the blame where it belongs.

Mr. Gardiner's speech at Calgary on January 21 (the text of which is not to hand) explains his point of view in much more detail than his Winnipeg address. His argument is that the author of bulk trading, that is, government to government, or state buying and selling, was none other than Right Hon. R. B. Bennett. The Conservative party is the villain. The scene and occasion of the crime was the empire economic conference of 1932 where trade agreements with the United Kingdom were entered into by Canada, Australia, New Zealand and other members of the commonwealth.

Mr. Gardiner's argument is that he has been compelled, against his judgment, to engage in bulk trading because of two circumstances:

1. The empire trade agreements of 19 years ago and,

2. The British government will not trade in any other way.

On these grounds, Mr. Gardiner claims, he is compelled to do violence to the principles of trade which he regards as sound. There is, of course, no validity in Mr. Gardiner's first point. No bulk trading contracts were authorized by the empire treaties of 1932 and none were entered into by the Bennett government. Mr. Gardiner is confusing bulk contracts with quotas. What was done in 1932 was to adopt the principle of quotas—that is of restrictions upon total sales in the British market. Quotas and bulk contracts are as different as salt from sugar. Quotas are an extreme form of protection but, apart from this, do not interfere with private trade.

On the second count, Mr. Gardiner might reconsider his statement that bulk contracts are the only way in which the United Kingdom government will trade. Actually the United Kingdom has been buying all sorts of commodities other than wheat in large quantities. It has been buying lumber, copper, zinc, and many other items and in none of them has a bulk sale contract been regarded as essential. In all these purchases the British government has paid the market price—a point of great interest to Mr. Gardiner—thereby avoiding disagreeable claims by producers for compensation, such as are now being advanced with regard to the U.K.-Canada wheat agreement.

Producers were forced to take less than world prices by the government with the promise of assured future markets. Where are they? The cheese producers of Canada lost millions of dollars through government contracts. As a result of this, cheese production has been reduced to the lowest point in fifty years. Although cheese production is lower this year than last, we have never in Canada consumed all the cheese produced. What does the government propose to do with the surplus, however small it may be?

Mr. Speaker, I would like to make one suggestion to the Minister of Agriculture, and through him to the government, that I think would go far to (a) increase markets for the products of agriculture; (b) increase the quality of products now produced and thereby enhance the competitive position of Canadian agricultural products; (c) reduce production costs and bring to the original or primary producers a greater percentage of the ultimate consumer price.

I refer specifically to greater participation, made possible by government assistance and direction, in the field of chemurgic research. I read with interest what is being done in other countries and am alarmed at the slowness of Canada to participate in this work which has already proven so beneficial elsewhere. The Minister of Agriculture, in a speech in this house not long ago, referred to what had been done in the field of utilization of the soy bean in our economy. This is but one example of the tremendous advantages which can accrue to agriculture and the economy of this country by research in the fuller utilization of the products of the soil. I would like at this point to draw to the attention of this house the possibilities in other fields, and I quote from the report of the National Chemurgic Council of America:

Filberts Flavour Cheese

American cheese of superior flavour can be produced with the aid of chemical agents obtained from filbert nuts.

Aside from its importance to the nation's cheese industry, this development is particularly good news for Oregon, where filberts are already a surplus crop and constantly increasing yields are promised by many young filbert orchards.

The filbert chemicals used in treating cheese are known as proteolytic enzymes, which means they are substances that help to digest proteins—in this case, milk proteins. They were tested for their effect on cheese flavour because of the present trend toward manufacture of American or cheddar cheese from pasteurized milk, which produces milk cheese with less flavour and slightly different characteristics from those found in raw milk cheese.

Samples of cheddar were taken out of a commercial cheese vat after milling and salt was added. A measured volume of the filbert extract was added to each experimental sample and a similar volume of water to the control samples.

The regular processing and storage procedures were then carried out, all the samples being checked at regular monthly intervals.

At the end of four months, expert cheese tasters pronounced the cheese made with the filbert extracts to have much better flavour than all the other samples, including the controls. It was better aged. The control samples had a mild clean flavour which did not compare with the superior flavour of the treated samples. In addition to this improvement in flavour, the ripening time was substantially shortened, which is of economic importance because of the expense for storage rooms. It should be emphasized that no filbert nut flavour was transferred to the treated cheese by the filbert extracts.

Proteolytic enzymes have been isolated from many plants. The presence of a protein-digesting substance in the leaves and green fruit of the papaya tree (carica papaya) has long been known. The existence of a similar meat-digesting enzyme in the juice of the pineapple was first noted in 1891 by a Venezuelan scientist named Marcano. Figs, milkweed, lima beans, and the kernels of wheat also have been found to contain such enzymes. The work on filberts was prompted by a search for new uses for Oregon's surplus nuts.

As I stated before, the farmers are discouraged. With mounting costs and continued scarcity of farm labour many farmers are changing their programs to conform to the shorter work week in industry. This, however, is impossible for the dairy farmer, hence many are quitting that branch of the industry. The Canadian Weekly Newspapers Association has recognized the agricultural problem, and I quote from an article appearing in the *Globe and Mail* of March 9, 1951:

Rural Canada Hit Hard by Wage-Raising Trend, Weekly Papers Warn

Ottawa, March 9—A dangerous unbalance exists between the rural and urban economies of Canada, Prime Minister St. Laurent and members of his cabinet were warned today in a brief presented by the Canadian Weekly Newspapers Association. The brief, presented by W. E. McCartney, managing director, pointed specifically to the recent trend toward raising wages, curbing productive hours of work, and said that this placed an unfair economic burden on rural Canada.

The consequence of this trend is that milk production is down half a billion pounds in the last three years. The cow population has been reduced by almost a half million since 1945, while our human population has increased by one and three-quarter million in the same period. If this trend is allowed to continue, and certainly there has been no apparent move by the government to stop it, then production will continue to decline. Either the dairy industry must be placed on a profitable basis or supplies will be short with resultant high prices. Consumers are beginning to tell their children now that the beef steer, not the cow, is jumping over the moon. This is not a healthy situation for either the producer or the consumer, and I am sure the dairy farmers of Canada do not want extremely high prices. On the other hand if the government does not take some remedial action the dairy cow could quite conceivably be replaced by products made from cheap imported vegetable oils. A low price for a farm product is no advantage to consumers. They have to make up for it later on when supply drops off. The best example of this fact was the terrific increase in egg prices last year, following the refusal for two months by this government to place a floor price under eggs when the bottom dropped out in December 1949, and hundreds of flocks were sold off.

I should like to quote from a Canadian Press article appearing in the *Globe and Mail* of March 1, 1951:

Food Producers Merit Fair Prices, Gardiner Holds

Ste. Anne de Bellevue, Quebec, Feb. 27—Canadian Press—Agriculture Minister Gardiner said today that Canadian food producers have two primary objectives—to produce enough food for our own people and to sell at a sufficiently high price to encourage them to keep on producing.

New Zealand butter, which Mr. Gardiner said the government did not want to see brought into Canada, was laid down at Halifax at a cost of 40·4 cents a pound. The floor price in Canada was 53 cents. Canadian farmers could not compete with New Zealand butter. The butter dealers were selling the imported butter at 56½ cents a pound.

"The market price in this country must be comparatively high," said the minister.

The Minister of Agriculture (Mr. Gardiner) stated that the four and a half million pounds of New Zealand butter was laid down at Halifax for 40·4 cents per pound and sold for 56½, resulting in a profit of at least a million dollars which the government should have had in view of the maintained floor price of 53 cents. The government in effect subsidized a good share of that very juicy profit. In cases where a floor price is being maintained on any product and a short position is encountered, then the government itself, under such conditions, should import a sufficient quantity to satisfy the conditions, should import a sufficient quantity to satisfy the domestic demand. What did this government do? They closed the door on January 24 by order in council, placing butter imports under government control; but somebody had his foot in the door, because on January 27 it was

opened again by the cancellation of the order in council. No reason was given or explanation offered; just cancelled.

In the event of a war, the food situation in Canada could be serious. In the case of most field crops, dependent on the weather of course, production could be stepped up in a year with sufficient help. The same would be true of poultry and hogs.

Dairy products, beef and sheep, however, would take nearly three years, even with the most stringent controls. I would urge the government, therefore, to make the necessary use of the Agricultural Prices Support Act. Incorporate within the act some formula upon which to base the floor price, thereby relieving the constant fear in the minds of the producers of our nation's food, and assure the production of at least our own domestic requirements.

Mr. S. R. Balcom (Halifax): Mr. Speaker, after such a friendly reception perhaps I should, in reciprocation, make my speech short so the members can get away before six o'clock. In my brief observation of events here. Mr. Speaker. I have noticed a disposition to invoke the blessing of the deity, and to call on powers other than those conferred by membership in this house. I may say that at this point I am in entire sympathy and accord with the feelings which prompt such utterances. Someone wiser than I once said that there is nothing new under the sun. I am sure, Mr. Speaker, that thought must have occurred many times in the minds of hon. members as another new member launched forth on his maiden speech. This is particularly true in my case because Halifax constituency has been so ably represented by my predecessor, the Hon. Senator Isnor, and by the senior member for Halifax (Mr. Dickey), so I can add very little to what has been said before.

In the light of the present fast moving events it might be well to remind you that Halifax city, which is the centre of our constituency, was founded 202 years ago as a military outpost. No doubt there are some people who are unkind enough to suggest it is still an outpost of Toronto, perhaps, or Saint John. But had Halifax, the warden of the honour of the north, not been pioneered first, even the constituency of Springfield might still be a wilderness.

The riding is large in size, and has a population of roughly 150,000. Most of the people live along the coast line, for the sea is very important to their livelihood. It is a heavily forested area which supports a substantial lumber industry, and there is some farm land. Over 75 per cent of the population is concentrated in the Halifax-Dartmouth area bordering on the magnificent harbour which is the heart of the community. Despite the growth in industry, commerce, business and educational services, Halifax is never far removed psychologically from the feature that prompted its origin, namely the strategic value of its harbour. This port is, unfortunately, apt to be forgotten by the rest of Canada between wars, not intentionally but because we are far away from the more populous areas.

I need not remind you of its part in world wars I and II, and even as far back as the Riel rebellion and the South African war in 1899-1902, when Halifax sent a regiment of its own. I hardly need to assure you that it is ready to play its part again in strengthening our defences against aggression or, if the worst should come, active participation in the war for our way of life.

At this point, perhaps I should mention a misunderstanding that arose in connection with a statement attributed to our minister of health and welfare, the Hon. Harold Connolly. When speaking in Florida, he was misquoted by the newspapers.

Mr. Brooks: That is always the case when they say the wrong thing.

Mr. Balcom: He gave a denial to the Halifax *Chronicle-Herald* of April 21, stating that he had made no mention of union between Canada and the United States. The article reads in part:

> Anything might happen at any time, I said. Who could tell? As to the "affinity" matter, we were talking on the socialist government in Britain as compared with the democratic government in Canada. On this point I expressed the view that socialism would never take over the government in Canada and that in this connection Canada and the United States had much in common, both peoples preferring to live under a system of democracy.

I am sure most members in this house will agree with what Mr. Connolly has said in his denial, including the member for Royal (Mr. Brooks).

Mr. Brooks: Not in Florida, but in Halifax.

Mr. Balcom: Coming back to the strategic importance of the riding, the heavy concentration of naval and military establishments there creates serious problems in civic government. Tax-exempt property representing 50 per cent of our total assessment has to be serviced and protected as well as civilian establishments. The existence of such in any

community is a problem. Add to that a personnel establishment that increases and contracts from time to time, and you have a heavy burden on city services.

The federal government has recognized its responsibilities in this regard by some payments already made in lieu of taxation of crown property. I note with satisfaction that measures will be considered during this session respecting federal grants to municipalities. The special position of Halifax and Dartmouth must be recognized and an equitable arrangement made regarding these obligations.

The burden of the speech from the throne and indeed most of the proceedings of the house to date have left little room for any but the most sober appraisal of our responsibilities here. The forthright account of events in the international field given by the Secretary of State for External Affairs (Mr. Pearson) has shown the gravity of the situation confronting us. The part Canada will play in the drive for collective defence has been outlined. The magnitude of the commitments has been well described as "staggering".

The means of financing these commitments are rather painful and there has been heated debate on some aspects of government policy to that end. Nevertheless, I believe that the reaction to the budget bears out what the Minister of Finance (Mr. Abbott) said in presenting it, as reported at page 1798 of *Hansard*:

> . . . there are no great issues of principle dividing us . . . on the major questions of policy underlying my proposals we are all fundamentally agreed.

It is apparent that for many years we shall have to turn our energy from the constructive pursuits which we should like to follow. Our productive capacity must be devoted to an increasing degree to defence instead of primarily to improving the standard of living of our people. The need for physical defence is paramount but in our haste to this end we must be careful not to neglect other values fundamental to our well-being.

We have been informed that we may expect the report of the royal commission on national development in the arts, letters and sciences during this session. In Canada we have some peculiar problems in the field of culture and education, and the findings of this commission are awaited with much interest. The field is of the utmost concern; for, apart from its intrinsic importance, the heaviest strain of the next few years will fall upon our mental and spiritual resources. It is well known that the upheaval of war subjects the average individual to the lure of the "eat, drink and be merry" philosophy. It is equally so of a nation. In our preoccupation with defence let us not neglect the values which make our sacrifices worth while.

There may be some thought during this difficult period in the world's history that we should concentrate all our energies in holding back the flood of aggression. That is all very fine in itself, but it is not my view. The world conflict cannot be solved by setting aside the very elements that have made our civilization strong. Democracies must never stand still.

But even under the threat of war we must go forward with every plan to improve our way of life. For this reason I commend the undertaking of the government to provide pensions for those 70 and over without the means test; pensions for the needy between 65-70; and possibly aids to the handicapped. Of particular importance are the grants to our universities and I would stress those grants to our schools of social work which are contributing so much to the welfare of our people. I have hope that ample allowance has been made for these schools of social work in the estimates of the Department of National Health and Welfare. In terms of our total expenditures on welfare payments to individuals, an investment in training facilities is a moderate cost to ensure that these payments are well spent. The minister has always been generous in the provision of such assistance, and he is well aware of their contribution and of the desirability, or even the need, to have them function independently of the government.

I am sorry, Mr. Speaker, that more people were unable to see the picture which was shown the other night in this building, when the work of the social worker was screened. The scenes were in British Columbia, but we might say that the picture that was shown there would be typical of all the provinces. British Columbia people should be proud that their province was chosen for the scenes.

Our Canadian pattern is made strong by all the complex forces involved in it. The active part played in our social life by voluntary groups cannot be overestimated, and we should be very thankful that these voluntary groups are so eager to work.

I would suggest to you, Mr. Speaker, that the world conflict today is between truth and confusion. We must not fail our conviction that we are on the right road to progress, that the ordinary men and women of this earth can find, in company with us, the right way to the future. We should maintain and strengthen all voluntary activities in Canada that serve to enrich Canadian life. Communism with all its vain promises

and all its sordid performances cannot be answered by words alone.

Those of us fortunate enough to live in Nova Scotia want to say that we are ready at all times to stand with the rest of Canada and bear our share in times of stress. The right hand of the Dominion of Canada that reaches far out into the Atlantic ocean, we have borne the brunt of wars since 1605, in the days of de Monts and Champlain, and in Halifax since the arrival of Lord Cornwallis in 1749. But the fact of our being on the fringe of such a far-flung country and the fact of our being connected with the rest of Canada by a railway, the location of which was determined primarily by strategic considerations, have created some difficulties. Various measures have been implemented to mitigate the economic handicaps resulting from transportation costs, but many problems remain. The royal commission on transportation has taken cognizance of these matters peculiar to the various regions in Canada. We in the maritimes are particularly gratified that the report recognizes the validity of our objections to horizontal freight rate increases.

On another recommendation of this same report, there is not so general approval. I refer to the formation of a local advisory committee for our Halifax harbours board. Had we had such an advisory committee operating at this time, the unfortunate accidents which have occurred recently might have been avoided. We are still convinced that remote control is not in the best interests of our national harbours.

Normally, Halifax is a winter port, partially used during the winter, only slightly used during the summer when the St. Lawrence river is open, but totally used in an all-out war. Halifax harbour has untold advantages over any other Atlantic port—with commiseration to Saint John—as we have very little tide, no great windstorms; suitable docks, with more under construction; excellent anchorage; and "fair" railway services. I say "fair" because I consider that the Canadian Pacific Railway should be running over its own rails into Halifax or at least have running rights over the C.N.R. In no way is this a reflection on the excellent service given by the Canadian National Railways but the lack of competition is hurting not only Halifax but all of Nova Scotia.

The hon. member for St. John's West (Mr. Browne) in the house last week drew attention to the rail and water services between the mainland and Newfoundland, and he stated that he had suggested to the president of the Canadian National Railways the desirability of operating steamships between Halifax or Montreal and St. John's. Since almost 40 per cent of the people of Newfoundland are in the Avalon peninsula, a great deal of the traffic to the island should be brought to St. John's by water from Halifax.

When Newfoundland entered confederation, it was arranged that the Canadian National Railways regard the boat haul from Sydney to Port aux Basques as a railway route. Although the merchandise has to be transshipped several times, rates are set on the basis that it is an all-rail route. This has meant the diversion of traffic which would logically go to St. John's via Halifax.

Merchandise, particularly heavy equipment, furniture, and the like, when it is routed in such a way that it has to be unloaded and reloaded several times, really calls for export packaging which is very costly. Freight for St. John's landed at Port aux Basques has to be carried 550 miles across the island over a railroad already busy serving its own area.

It is reported that the loss to the Canadian National Railways on Newfoundland operations during 1950 amounted to $3 million, exclusive of a subsidy of $1,250,000 on the coastal steamship operations. I would respectfully suggest that if the freight intended for St. John's and the Avalon peninsula were directed through Halifax, this deficit would be greatly reduced. This would not interfere with the freight which would, by reason of its destination, naturally be shipped through North Sydney. The fastest, the best, and the route that calls for the least handling of freight should be the one adopted and in respect to goods going to the Avalon peninsula, Halifax is the logical shipping point. I appreciate the efforts of the hon. member for St. John's West in advocating some such arrangements.

As you know, Halifax is not only a shipping port, but is also the home port of a considerable fishing fleet which sails to the nearby fishing banks, most prolific and least depleted in the world. The port has, too, a considerable stake in the inshore fisheries. A large proportion of the rural population who live along the coast line are dependent on the fishing industry for a whole or a part at least, of their livelihood. I am, therefore, keenly interested in anything that affects that group of people.

The announcement in the budget regarding certain tariff changes affecting fishermen's supplies will be good news to our constituents. The free entry of diesel engines used in commercial fishing operations and widening of the provision covering nets

and lines to permit free entry of those of any material will assist in lowering costs of production.

One of the big problems of the industry is the development of a stable market. The resources are there, but it has not always been profitable to exploit them. The Canadian market for fish is not as extensive as it could and should be—and as we hope to make it. We have been dependent on foreign markets for both the salt and a good proportion of the fresh fish trade, so we have had to sell under heavy competition.

A great many things that the fishermen have to buy have carried a high tariff. After all the attention on trade restrictions in the past few years, I do not need to labour the difficulties of selling in an open market and buying in a protected one. It is, therefore, good news for my constituents that they are to receive relief from tariff on these very important items of equipment. The cost of gear is high and I venture to say it is subject to much greater physical hazards than any other form of industrial equipment.

Another reason for special consideration in the case of the fishing industry lies in the nature of the employment. It is hazardous and seasonal, and as most of the fishermen are self-employed or on a share basis in very small units, it is very difficult to make any provision in the way of unemployment insurance or similar form of protection against loss of income.

We are, therefore, going to press the government for consideration of another serious problem of the industry. It is the plight of the fishermen who have lost their nets and traps in the winter storms. The loss in equipment along the east and west coast of Halifax county takes on disaster proportions. Some fishermen have been completely put out of business. The prices of fishing nets, twine and ropes have soared, and we, in Canada, have very little control over this, as the raw materials come from other countries.

I would ask the Department of Fisheries to investigate the conditions in Nova Scotia and assist the fishermen to become rehabilitated. We can raise money for defence, and so we should; but let us not overlook the obvious. In an inflationary situation, where the crying need is more and more production by available manpower, re-establishment of these fishermen would be an investment with a huge return.

In listening to the hon. member for Lanark (Mr. Blair) speaking the other day on the dairy industry, I could not help but compare the conditions under which the farmer works —any kind of farmer—with the fishermen who toil through the storms of the Atlantic ocean. Now, if I may ask your indulgence, I would like to quote here some prices received in Halifax by the fishermen for their fish. And perhaps while I am listing them you might recall what you paid for your last fish dinner. I shall quote only three species of fish, namely, steak cod for which the fisherman received 4½ cents a pound, haddock, for which he received 7 cents a pound, and sole, for which he received 8 cents a pound. These same fish sold in the Ottawa market on Friday as follows: haddock, 54 cents a pound, sole, 60 cents a pound and the lowly cod 44 cents a pound.

The fishermen have to go out in the cold Atlantic and risk the dangers of the sea, be away from their homes, and then come in and receive 4 cents per pound for cod. As a comparison in prices may I draw attention to the debate on Monday when the hon. member for Lanark, in speaking on the dairy industry and its troubles, said that the farmer could receive $400 for an old bull. I am not sure whether he used the adjective or not.

But perhaps it is in just such a contrast in the price of articles that compete for a similar market that the best hope of the fisherman lies. It is at the same time a justification for timely aid by the government. There are large unexploited resources right at our door. The potential development is well illustrated in the increase in volume and value in the past ten years. Since 1939, fisheries production has quadrupled in Nova Scotia in value.

It is refreshing to listen to a member give a frank speech and I would commend the hon. member for Inverness-Richmond (Mr. Carroll) for his open exposition on conditions in our native province and for his stand in regard to the St. Lawrence seaway. I also appreciate the position of the hon. member for Cape Breton South (Mr. Gillis) and Annapolis-Kings (Mr. Nowlan) who appropriate a drum and beat it, may I say, well but selfishly.

In the matter of the St. Lawrence seaway, let us face the facts squarely and look at the project in the light of the benefits accruing to Canada as a whole. There are many imponderable factors in this undertaking. Providing a water route to the great lakes it will open up a larger market for our coal, steel and fish, as well as provide unlimited electrical power for some of our provinces.

I should be something less than honest if I did not acknowledge some misgivings, the fear that this may be one more factor in the centralization of industry in Canada. But anything that is to the general advantage of

the whole country should surely have a favourable effect on all the parts. In any case, I am of the opinion that with the financial aid and full co-operation of the United States, the march of events makes it inevitable.

We have heard in this house many debates on decentralization. Naturally we in the maritimes want and need industries but we are conscious of the fact that more than wishful thinking is required. With our handicap of distance between the Atlantic and the central Canadian markets we must concentrate on production for which the raw materials are at our door, such as the iron and steel industry.

In a private enterprise system we cannot look to the government to direct the location of industrial establishments. Even in the awarding of defence contracts, regard must be had for the taxpayer and purchases made on the best possible terms. However, in the creation of new facilities, under crown direction or supported by public funds, the weight of long-range economic factors should be taken into account.

It may look cheaper to expand a plant in Toronto or Montreal, but if there is a solid foundation for development in the industrial areas of Nova Scotia, for example, the long term effects will be a reduction in costs. A stable and prosperous population in the outlying provinces is worth a lot in terms of national development.

The most obvious sector for action to this end is in the iron and steel industry. We have had assurance from the Minister of Defence Production (Mr. Howe) and from the president of the Dominion Steel and Coal Corporation that the facilities at Sydney will be expanded. In addition to expansion of basic steel production, there is a great need for further finishing and fabricating in that area. There is a nucleus of steel-using industries in the New Glasgow-Pictou area; the Halifax Shipyards Limited and H.M.C. dockyard consume steel plate products, but we need more of the same. The base is there —by the judicious placement of new facilities where such are required for defence production, the economy of the area can be strengthened. At the same time the maximum use of resources, manpower and material, will be accomplished—and this is the ultimate assurance of our victory over the forces of aggression.

In conclusion, I am going to take advantage of this, my first opportunity, to say what satisfaction I have had in working with the members of this house. Perhaps it is not necessary for me to say that I have the utmost confidence in the government and its leadership. But I should like to emphasize how greatly I have been impressed by the ability of the three opposition leaders and by their work as well as that of their supporters, even though sometimes a little misguided.

The calibre of this house, all parties, and the work of this administration are in direct contradiction of the statement of Sir John A. Macdonald when he said, "Given a government with a big surplus and a big majority and a weak opposition, and you would debauch a committee of archangels".

On the contrary, the standards that are imposed on all parties by themselves are very high—they give assurance that the processes of democracy though sometimes appearing slow are in the long run most effective for human well-being.

Mr. J. H. Ferguson (Simcoe North): Mr. Speaker, I rise to say a few words in the budget debate. The hon. member who immediately preceded me voiced his opinion of the manner in which the government has been carrying on the affairs of the people. I am sure everything he said met with the unanimous approval of one hundred per cent of government front and back benches.

The hon. member made the further statement that Sir John A. Macdonald had said that a government with a large majority was not always the best thing for a country. Sir John A. Macdonald made very few mistakes, and in that assertion he was absolutely right.

Mr. Riley: You are jealous now.

Mr. Ferguson: The people will do all that is necessary when the next election comes. You will know that then.

Then the hon. member referred to a weak opposition. Let me assure the government there is no weak opposition in this house opposite them at the present time. The duty of an opposition is to criticize —

Mr. Riley: Is there any opposition?

Mr. Ferguson: —and the government will be criticized until such time as the people voice their opinion at the next election. At that time they will be guided by the criticism of the present opposition, so that the majority of the government will be cut to nothing—neither minus nor plus.

The Minister of Finance (Mr. Abbott) has introduced a budget that received applause from members supporting the government. I consider the minister's budget as a most deceitful one, so far as the people are concerned.

Mr. Sinnott: Why?

Mr. Ferguson: You probably would not know if I told you anything about hidden taxes, but the majority of people in Canada are learning about hidden taxes. I do not know whether you smoke or drink, but if you do either you are paying the hidden taxes you don't know anything about.

An hon. Member: Louder.

Mr. Ferguson: Every package of cigarettes the smoker buys bears a stamp on which it is stated that the package contains twenty cigarettes.

An hon. Member: Why don't you roll your own?

Mr. Ferguson: I believe the government would be doing the right and courageous thing it if were to indicate on the cigarette package that there is a tax of 23 cents. It should say, "You are paying 23 cents tax."

Mr. Fraser: More than that.

Mr. Ferguson: What could be more deceitful, when the government puts on a two or three-cent stamp the value of the tax but not on cigarettes?

Mr. Riley: Will you put that in your platform?

Mr. Ferguson: When I am prime minister I won't attempt to fleece the taxpayer by heading a government that builds a building for myself and my successors, at a cost of half a million or a million dollars. Let me assure you of that.

Mr. Riley: If I could vote for you, I would.

Mr. Ferguson: I am sure you would. Now, there are a great many Liberals who vote for me in my own riding, on every occasion.

An hon. Member: There are always backsliders.

Mr. Ferguson: The reason I am speaking is that I believe hon. members on the government side should not be just rubber stamps. It is nearly time they voted according to their conscience rather than by rule of thumb.

Mr. Riley: Or rule of law?

Mr. Ferguson: What have we heard from the government with regard to old age pensions? I am not talking about pensions for the man who says that because he has reached the age of seventy, eighty or ninety years he is entitled to a pension. I am talking about the man or woman who cannot exist without a pension or a subsidy from the taxpayers. I am not talking about the man who is willing and able to work; I refer to those needy people of seventy years and over. What about the $40 on which they are barely existing? I venture to say some of them are not existing at all; they still have to look to charitable institutions and neighbours in order to exist—and that in this land of plenty!

What about the crippled people in Canada? We have been sitting here since the latter part of January, and I would ask what the government has done to help bedridden people. There are bedridden people who have been crippled for life who cannot provide for themselves. That is a blotch on the reputation of this government, yet we have the unanimous desk-thumping of the Liberal members. What about our shortages?

Where is the vision of the people who built this country? Can similar vision be found among the ministers of this government? What about the steel situation? We are selling now steel by the ton to the United States for $5 and buying it back at $100 per ton finished. What about the nail situation? Every time nails are mentioned there are laughs from the members of the Liberal party. But it is no laughing matter for a man who wants a roof over his head for himself, his wife and children. What about the cement situation? Has this government gone to the manufacturers of steel and told them that if they do not expand their plants, the government will?

I am a free enterpriser from the word go, but if I was a member of any government which did not lay down the law to the steel companies of Canada, which had not taken this action five, six or seven years ago, I would soon quit that party.

An hon. Member: Go back to cement.

Mr. Ferguson: This applies to cement as well. Keep the government out of business as long as you possibly can, but when you cannot avoid it get into business. First of all, any government represents the people. If private enterprise cannot cope with the situation, the government has the facilities to do so. I know that members of the Liberal party agree with my assertions. They know it is all too true.

In this modern day and age you cannot ask people to go into a home in the city or country without a hot water boiler to heat water for the children, for washing, for dishes, for clothes and so on. What do we find? When after great struggles a man gets a roof on, gets the doors on, probably gets a furnace in, he is faced with the fact that there are no hot water boilers available in this great banner province of Ontario in the Dominion of Canada. There are useless and unnecessary shortages brought about by another department which has shown a complete lack of foresight.

There is another department, the department of immigration. The minister is aiming for 150,000 people to be brought to Canada this year from the British empire and other foreign countries this side of the iron curtain. That includes men, women and children. If he gets 150,000, at least 75,000 will be children not able to work. The great majority of these people will not be able to speak our language and yet they are supposed to take up the slack created by those who have gone into the active forces by necessity, or who have gone to the United States to the extent of 50,000. Through the great efforts of this immigration department, and provided no more are needed for the armed forces, there will probably be an increase in the labour situation of over 12,000 people. If that is something to be proud of, I do not know what is. I say that that indicates the disgraceful lack of vision, a lack of perseverance, a lack of planning—

An hon. Member: A lack of intelligence.

Mr. Ferguson: A lack of intelligence, no doubt about it. This country should have at least 150,000 men and women who have reached the age where they are able to work and can participate in production for their livelihood in the Dominion of Canada.

We have in this country shipyards that are capable of building ships equal to any in the world. I should like to see some document containing a plan for the construction of ships in order to keep our shipyards busy from coast to coast. Every shipyard worker has a hand-to-mouth existence today. We sold ships to foreign countries at scandalously low prices; we could not get rid of them fast enough, and today we find ourselves with tremendous export markets, owing to the dire necessity of our customers across the sea, but foreign ships have to do most of the transporting.

With regard to the construction of naval vessels, all there is is a possibility or a hope. That is pretty weak stuff for a shipyard worker to look forward to in an effort to provide for his family in a great land like Canada. There has been absolutely no vision on behalf of this government.

An hon. Member: Nothing but chaos.

An hon. Member: Correct.

Mr. Ferguson: If there is no chaos in your opinion it is certainly not the fault of this government. It is the result of the perseverance of Canadian people who are of the right kind; it is certainly not through any guidance given by this government that there is not chaos.

The dairy farmer in my riding and all over Canada has been wondering into what he should sink his teeth in order to make a livelihood, in order to pay off the mortgage on his farm and keep pace with prices in Canada. There is a statistical department of this government which threatens him with a fine of $100 if he does not fill out all the silly forms supplied by that department.

An hon. Member: Did they threaten you?

Mr. Ferguson: Yes, they threatened me with a fine of $100.

An hon. Member: Shame.

Mr. Ferguson: The mounted police threatened me because I drew a cartoon showing how lackadaisical this government was. Every farmer will tell you that he does not know whether to grow wheat, produce hogs, poultry, eggs or anything else. It is a hit and miss problem, irrespective of the fact that the government has all these statistical records and knows absolutely where it is headed with regard to the need for all these commodities. But they have given absolutely no guidance, yet members of the Liberal party stand around with smirks on their faces. Let them go back to their constituencies.

An hon. Member: We are listening to you.

An hon. Member: How can we go?

Mr. Ferguson: I am convinced you will be going after I am through.

At six o'clock the house took recess.

AFTER RECESS

The house resumed at eight o'clock.

Mr. Ferguson: In resuming my remarks, Mr. Speaker, I shall be very brief; but in dealing with the last item I wish to discuss I think I will be able to point out clearly, if not to the members of the government at least to the people of Canada, that by its handling of this one matter the government has proven beyond peradventure that it has utter disregard for the value of the money that comes from the taxpayers, and that it is not carrying out the trust the citizens of Canada placed in it when the government was elected to power in 1949.

Everyone in Canada, irrespective of party, is in favour of a home for the Prime Minister. Everyone wants a home that will be in keeping with the position. The duties of the Prime Minister and those of the Governor General are entirely different; there is no doubt about that. The Prime Minister is one of the busiest men in Canada; but at no time has the Prime Minister of this or any other country been called upon to perform the

duties or functions of the Governor General. Yet we find the taxpayers of Canada, having no more to say about it than simply voting this government into power, called upon to pay a bill which I estimate will amount to something like $800,000. When it is completed I think it will be found that I am not far wrong; probably I will be $100,000 short.

When this residence was conceived, considered and finally begun by this government, apparently no definite over-all price was fixed, taking into consideration the high costs of construction, furnishings, maintenance and so on. I contend that if the government could be so far out in interpreting the feelings of the Canadian people with respect to the edifice in the course of construction, to be known as the Prime Minister's home, they might well be out and are out on almost everything they have tackled on behalf of the people of this country. Most of us, through curiosity or of necessity, have passed the building which is to be occupied by the present Prime Minister (Mr. St. Laurent) and those following him. None of us is so childish as not to know something about the cost of construction. That building today represents an expenditure of more than half a million dollars. We know something of what might be expected from the expenditure of a quarter of a million dollars on a residence. If the completed building is in keeping with the amount already spent it is going to cost the taxpayers tremendous amounts to keep it in repair and to maintain the furnishings. We talk about cutting expenditures in this country.

Mr. Fulton: Who does? Not the government.

Mr. Ferguson: The government is constantly talking about cutting expenditures, but makes no effort to do so. I do not like to bring up this matter of the Prime Minister's home, but it is something which is of interest to the whole country. It is something of which Canadians should be proud, but one can hardly be proud of anything so costly that it means our pocketbooks will be pinched in order to pay for it. Every member of this house must realize that there is not a more blatant, brazen case of flagrant squandering of public funds than has occurred in connection with this building.

I do not want to be mean about it. Never let it be said that Julian Ferguson did not want a home for the Prime Minister in keeping with the dignity of that position, but there is a great difference between a home in keeping with that position and a home the taxpayers cannot afford, and that is what we have today. Compare it with 10 Downing street, which has housed some of the greatest men the world has ever known, where in the past some of the greatest national ideas and ideals have been conceived, which has been occupied by some of the greatest brains the British empire has ever seen. I have never heard that building criticized as too humble or too cheap for the Prime Minister of England. But this government wanted to keep up with the Joneses to the south, where they have a population of 155 million—

Some hon. Members: Don't get excited.

Mr. Ferguson: I get so mad on this subject. It is too bad the men in charge of that project did not get a little excited, but they took things too easy. They came along and paid $150,000 for an old building which was almost falling down; another $200,000 to start the renovation; another $150,000 to furnish it, and so on. It is too bad they did not get excited about the trust the public had given them. In the back of my mind I think of people who need more than $40 a month in old age pensions. I think of civil servants, who gave service to Canada just as loyal and faithful as that of any Prime Minister we ever had, and who cannot exist on the pensions they receive. I think of the crippled people who cannot provide for themselves. I have in mind what is needed to carry on the defence of this country. Then I visualize the building we are now constructing at a cost of almost a million dollars. I cannot see there any desire on the part of this government to save. The gross mismanagement of that proposition is only in keeping with almost every other item that this government has tackled. You do not have to enumerate them all. This one will stand forever as a glowing example of the mismanagement of the Liberal government, at least for the year 1951.

Mr. D. A. Riley (Saint John-Albert): Mr. Speaker, I would first like to say a word in congratulation to the junior member for Halifax (Mr. Balcom), who through his splendid speech this afternoon ably showed us that he is ready to follow in the distinguished footsteps of his predecessor, who has gone to another place, and take his place alongside the senior member for Halifax (Mr. Dickey), who has already set such a fine pattern in this chamber.

Mr. Knowles: The other place from which no traveller returns.

Mr. Riley: Some of them go elsewhere. While I am speaking congratulatory words, I should like to say something about the speech just made by the hon. member for Simcoe North. It was a stirring speech, and its forensic

qualities left little to be desired. I only wish that other members of the official opposition would take it upon themselves to level such sound constructive criticism towards the government. If they did, I am sure that many of us on this side of the house would not hold such dim hopes for the survival of the remnants of that once great party.

This afternoon the hon. member mentioned what might be done if he were prime minister. I would point out to his party that they could do worse than select him as their leader. He personifies everything that could be wished for in the grand old traditions of Toryism. It is not for him to say one thing and mean another; not for him to pussyfoot around by saying they want price controls and neglect to mention wage controls, but for him to follow in the straight pattern set by Sir John A. Macdonald and Sir Robert Borden, the pattern of real old Toryism.

I cannot help but add my congratulations to those already so well expressed to the Minister of Finance (Mr. Abbott) on the sound budget which he presented to this house on April 10. Having regard to the immensity of his task and the weight of the accompanying responsibilities, I cannot in justice to him wish him many happy returns. But I am able to say that the citizens of Canada, whose unqualified confidence he has enjoyed over these past years, are secure in a deep sense of continued confidence in his management of our fiscal policies.

Mr. Hatfield: You do not believe that.

Mr. Riley: The hon. member for Victoria-Carleton (Mr. Hatfield) enjoys perhaps more than any other member in this house and the other citizens of the country, the fruits of his administration.

Mr. Knowles: You mean potatoes.

Mr. Riley: I should think the hon. member would be ashamed to go home and face the good people of Victoria-Carleton after making such sneering remarks towards any speaker on this side of the house.

We are presently experiencing a degree of inflation, with all its attendant evils. I would urge the Minister of Finance, and the economic advisers of the government, to make a renewed effort to devise some means whose effect might be immediate for the protection of that segment of our population which appears to be helpless in its efforts to combat the inflationary force in whose toils they have become enmeshed. Many of us, by stifling tendencies towards extravagant spending and by purchasing the minimum of our requirements, can, by voluntary self-sacrifice, keep delaying the day when the imposition of harsh bureaucratic controls, with all their attendant dangers, may become necessary.

Those in the lower salary groups with fixed incomes, such as clerks helping in retail establishments, married and with families, are not able to meet their obligations with prices at their present levels. There are many of those people, not only in my constituency but in most others across the land and more particularly in urban areas, who are not earning more than $20 or $25 weekly. By adding to this small wage the receipts from family allowances these people are not, with prices at their present levels, in a position where they can provide for their families even the bare necessities of life. With the retail price of beef ranging from 75 cents per pound upward, and even stew beef selling at 70 cents a pound, with eggs at 70 cents a dozen, butter at 70 cents a pound and higher, and milk selling at 20 cents a quart, flour at 8 cents a pound and bread as high as 13 cents a pound and higher, not to mention the exorbitant prices of fuel, clothing and accommodation, it is little wonder that so many of these people, working as they are over long hours and without benefit of union intervention on their behalf, are complaining bitterly over their difficulties.

Mr. Hatfield: Hear, hear.

Mr. Riley: I am afraid I would not hesitate to suggest that some of these people on small fixed incomes may even be employees of the member for Victoria-Carleton.

Mr. Hatfield: Oh, no.

Mr. Riley: Would you show us a schedule of your wages? I am afraid that in our efforts to effect a curb on prices, we are perhaps overlooking those citizens—

Mr. Hodgson: Cheap politics.

Mr. Riley: The hon. member who just passed that remark should blush with shame to do so, because I have heard him on the floor of this house resort to what he describes as that type of politics.

Mr. Hodgson: You have done a lot of heckling, too.

Mr. Riley: I am quite prepared to continue, and you may do all the heckling you want. I would not suggest that your teeth might fall out, because I believe they are your own.

Mr. Knowles: Is the hon. member addressing the Chair?

Mr. Riley: I shall do so from now on. I was addressing the hon. member because I was carried away for the moment.

I am afraid that in our efforts to effect a curb on prices up to now, we are perhaps

overlooking those citizens who are beginning to class themselves as being in the forgotten estate. The imposition of price and wage controls at the present time would leave them as helpless as they are now because their present wages are hopelessly inadequate. This may sound like an exaggeration, but I would defy anybody, as the head of a family of three or four, with small children, and living in a city, in rented accommodation, to feed, clothe and house that family today on an income of $125 or even $150 a month. It just cannot be done. Because those whom I describe find it virtually impossible to move about in quest of more lucrative employment, some agency should be established by the government or otherwise whose duties it would be to assist these people to obtain a more equitable return for their services.

The last time I had the privilege of speaking in this chamber I expressed some considerable concern over the unemployment figures in my own constituency and in other maritime constituencies. Since then I have seen very real evidence of the effort which is being made by the Minister of Trade and Commerce (Mr. Howe) to direct, wherever reasonable and feasible, a flow of defence work to industries in our eastern provinces. His appointment of responsible officers in his new Department of Defence Production to ensure continuity of this policy is being received with a sense of relief by our people.

I am also pleased at the interest which is being shown in providing work for the large drydock and shipbuilding yards in my own city of Saint John, where both management and employees as well as citizens generally are eagerly awaiting news of an extensive program of construction and repairs. I would imagine that perhaps this policy will even be enlarged upon after the Minister of Trade and Commerce reads the speech which was so ably delivered by my friend the hon. member for Simcoe North (Mr. Ferguson). Up until now work has not been sufficiently steady in this industry to warrant our steel workers remaining in Saint John, and we have been in constant danger of losing them to other and busier yards.

I would call the attention of the Minister of Transport (Mr. Chevrier) to the necessity for extending dock facilities on the eastern side of Saint John harbour. Since the completion of the Pugsley terminal a little more than a year ago, we have been left with excellent docking and loading facilities which cannot be properly exploited unless this new pier is extended at least to Reed's Point, so-called, which lies directly south of it. The recently-experienced congestion on the western side of our harbour has brought sharply into focus the necessity for completing this project. Until this extension is proceeded with, it will not be possible to lay railway tracks between the large new sheds and the face of the pier and thus make it possible to load lumber and other cargoes aboard ship without loss of money, time and effort.

Saint John harbour is one of the most important shipping points in this country, and I say that with due and humble apologies to the hon. junior member for Halifax (Mr. Balcom). As the present crisis develops, it becomes increasingly urgent that we make every possible effort to meet an emergency. When the broad general curbs were put on the expenditure of public funds for all but essential public projects, surely these curbs were never intended to apply to a pier for ocean-going vessels which is just as essential to our defence requirements as are jet fighters or field artillery. If the construction of this pier is not proceeded with at the present time, we may shortly be facing congestion of a most serious nature brought on by an emergency which hovers on the horizon. When the supplementary estimates are brought down, I sincerely hope that provision will be made therein for completion of this vital project.

I shall hold until a later date my appraisal of the report of the Turgeon commission on transportation, but references made to the seaway project in the course of this debate impel me to say that the finding of that commission in respect of the Chignecto canal leaves me with a cold feeling toward the St. Lawrence seaway. Like the hon. member for Gloucester (Mr. Richard), I am not opposed to this project; but it is difficult for us to become enthusiastic over it when the Turgeon commission, after but a cursory examination of only a small part of the evidence available, and that of a documentary nature, has so effectively shut the door on the arguments put forward in support of the Chignecto canal. That part of the report dealing with the canal has as effectively stunned a large section of our population in the Atlantic provinces as though they had been sandbagged.

Mr. George H. Hees (Broadview): Mr. Speaker, tonight I should like to deal with three aspects of the current budget. The first aspect with which I should like to take issue is the fact that there is no increase in the tax on alcoholic spirits, while at the same time the taxes on many of the necessities of life have been materially increased.

If there ever was a luxury, it is alcoholic spirits; and those who consume them can certainly afford to pay an increased tax. If

the tax had been increased on alcoholic spirits, it would have been possible to eliminate, or greatly to reduce, the increased tax which has been imposed on many of the necessities of life.

In this action I believe that the government is guilty of favouring those who can afford luxuries, at the expense of those who are struggling, against an ever-increasing cost of living, to feed, clothe and house their families.

The second aspect of this budget with which I should like to take issue is the fact that it contains no provision for halting the ever-increasing rise in prices. The increased taxes themselves add to the cost of living. Unless price control is immediately imposed, prices will continue to rise, and pensioners and others in the lower income groups will continue to suffer ever-increasing hardship and privation.

I believe that this persistent refusal on the part of the government to bring in price control is a callous disregard of the needs of the people.

The third aspect of this budget with which I should like to take issue is the statement made recently by the Minister of Finance (Mr. Abbott) that those serving in our armed forces overseas are no longer exempt from the income tax.

This is a complete reversal of the policy adopted by the present government during the last war; a policy which met with widespread and general approval by all of the people of this country.

In attempting to explain his action, the minister said he believed that no type of employment in this country should be exempt from income tax. That is quite satisfactory when applied to those of us who live and work in the comfort and security of Canada, but it is quite another matter when you are dealing with men who are daily risking their lives to fight our battles overseas.

I believe that those who serve overseas in our armed forces should be exempt from income tax. That is the very least we can do for these gallant men.

Now I should like to deal with a matter which is of vital importance to all Canadians, namely, the matter of a health insurance plan for this country.

One of the great needs of people today is to find some way by which the financial cost of sickness or accident can cease to impose a crippling burden of debt upon individuals and families.

When sickness or accident strikes today, one of two things usually happens; either the proper care and treatment are not given, because the financial cost is too high; or, if proper care and treatment are given, the family or the individual is dealt a financial blow, from which it may take many years to recover.

I believe that we cannot allow either of those conditions to continue any longer. Both can be overcome by a system of universal contributory health insurance.

It is obvious that if a health insurance plan is to be successful, it must receive the wholehearted support and co-operation of the doctors and dentists of this country. It must interfere as little as possible with the present method of administering to the health of this country, which has proved to be very satisfactory indeed. It should concern itself with finding some better method by which people can pay their bills for the medical and dental services which they do receive. Now, how can this best be done?

I believe that the system employed in Great Britain today is not satisfactory, because it has succeeded in lowering the quality of service to the individual. All services in Great Britain have been free, and the "something-for-nothing" aspect has caused those who really do not need treatment to flock to the doctor's office. They have done so in such large numbers that the time which the doctor or dentist can devote to any individual patient is so short that the treatment which any one patient can receive is, of necessity, superficial.

The "something-for-nothing" aspect of the British plan is, of course, a complete myth, because the full cost of the plan must be borne by the people, both in regular contributions and in taxes.

I believe that the best kind of plan for this country is that which has proved successful in Sweden and in a number of other European countries for a number of years. Under that plan, 75 per cent of the cost of treatment or hospitalization is met out of a health insurance fund, which is maintained by regular contributions from all of the people.

The other 25 per cent of the cost of treatment or hospitalization is paid by the patient, and this removes the "something-for-nothing" aspect of the British plan. It is sufficient to ensure that those applying for treatment really do need it. On the other hand, it is not so much as to impose a severe financial burden on the individual or on the family.

It is obvious, I believe, that the 25 per cent of the bill which the patient pays reduces the over-all cost of the plan by that amount, and the regular monthly contributions which the people pay are therefore 25 per cent less

than they would be under a plan which pays for the whole cost of the treatment. The cost of the plan is also kept to a minimum, because only those who really need treatment apply for it.

The scale of fees which doctors and dentists would charge could be set up very easily through consultation with the medical and dental professions. The doctor-patient relationship will remain exactly the same as it is today. The only change would be that the patient would pay 25 per cent of the bill, and the doctor would submit his account for the remaining 75 per cent to the health insurance fund.

I believe that this type of plan will work, and that it will materially improve the health of the people by insuring that they receive the proper treatment when they need it, without imposing an undue financial burden either upon the individual or upon the family.

I believe that this type of plan should be studied by the government, and should be presented to parliament for its consideration at the very earliest opportunity.

Mr. P. E. Wright (Melfort): Mr. Speaker, I should like to congratulate the hon. member for Saint John-Albert (Mr. Riley) on his very well balanced speech. He spent about a minute and a half in praising the government and twenty minutes in a very pointed criticism of it. I think that is a fair indication—

Mr. Riley: Only suggestions.

Mr. Wright:—of the value of this government to his constituents. In a speech he made some time ago he criticized the government quite severely with regard to the distribution of industry in Canada, and he received—

Mr. Riley: It has been corrected now.

Mr. Wright:—very good publicity on it.

Mr. Riley: That has been corrected now.

Mr. Wright: Tonight he criticized them with regard to the unemployment situation, the high cost of living and low wages. I agree with him entirely in his criticisms. I think he should come over with us, here; we would welcome him on this side of the house. He makes some very valuable criticisms of the government.

Mr. Riley: If some of you fellows—about sixteen of you—were not with the party, I would be delighted to come over there.

Mr. Wright: I had not intended to enter the debate until I heard the speech of the hon. member for Coast-Capilano (Mr. Sinclair) this afternoon. He seems always to be able to provoke me into making another speech, and has done that today by quoting briefly from a publication distributed quite recently to all members in the house, and put out by the Labour party in Great Britain. He quoted from this publication to prove certain points with which I shall deal later. Before he did that however he indicated that some people, in making statements and speeches, are apt to shade the facts. He used that argument in an effort to justify certain publications put out by the government to make the people better acquainted with the facts.

But sometimes, even in publishing facts, such facts can be stated on one side of a case, and shaded to an even greater extent than if no statement had been made at all. I do not think the hon. member should have used the expression "shading the facts", when he was criticizing recommendations from this side of the house with regard to higher income tax. As a matter of fact the hon. member for Coast-Capilano gave the impression that the wealthier people in this country were retaining only $4 out of every $100 subject to income tax. He did not say, however, that the man who is receiving an income of $250,000 has over $50,000 left after he has paid his income tax. He did not say that there is kept out of his income $96 out of each $100 only when the income exceeds a quarter of a million dollars. In other words he still keeps $4,000 out of every $100,000 over the quarter of a million dollars of income; and I am sure he is not being hurt at all by that procedure. He still has a very good income remaining, and is in a much better position than the old age pensioner, those who are receiving widows' allowances and many other persons on fixed incomes in this country.

I think the hon. member for Coast-Capilano was perhaps shading the facts a bit when he quoted only one small portion from the pamphlet to which I have referred and which has been issued and distributed. It seems to me there are many interesting facts set out, and I should like to place on the record tonight some that the hon. member failed to place on the record this afternoon. He took only that part which suited his own argument.

The pamphlet is entitled "This Cost of Living Business," and covers widely the position in Great Britain in connection with the cost of living in and the productivity of that country. The hon. member for Coast-Capilano suggested that if those of us in this group were placed in a position where we had to bring down a budget we would tax corporations to a point where they would

have nothing left for reinvestment, and there would be no capital expansion in the country.

I would bring to the attention of the house the fact that this party was organized in 1932, at a time when there was very little capital expansion, at a time when, because of the failure of private enterprise to make the necessary capital expansion and to develop the resources of the country, hundreds of thousands of people were without employment. One of the objectives of this group was to see that we stopped this boom and bust economy we have under free enterprise, so that we might have in Canada an expansion of our productivity which would give employment to all our people and would develop the resources of the country as they should be developed.

The government in Great Britain has increased the productivity of that country. In this pamphlet it states that productivity is increasing rapidly.

Mr. McIlraith: The hon. member has given the title of the pamphlet; would he place on record the names of the publishers? He will find it on the back.

Mr. Coldwell: The hon. member did that. He said it was published by the Labour party.

Mr. Wright: It is published by the Labour party.

Mr. McIlraith: The point I wish to establish is that it is not a government document; it is a party propaganda document.

Mr. Knowles: It is the same pamphlet from which the hon. member for Coast-Capilano quoted this afternoon.

Mr. Riley: Socialist propaganda.

Mr. Wright: It is the same pamphlet from which the hon. member for Coast-Capilano was quoting this afternoon.

Mr. McIlraith: That is right.

Mr. Wright: And it states that in 1950 productivity in Great Britain was about a third higher than pre-war, and that it went up between six and nine per cent in the first half of 1950. I would compare that with that statement of the Minister of Finance (Mr. Abbott) as reported at page 1803 of *Hansard* when, upon the occasion of introducing his budget, he said:

> . . . there has been no measurable increase in per capita productivity during the past five years.

He was referring to Canada when he made that statement. Great Britain, under a Labour government, has increased her productivity, and this pamphlet sets out how the increase was brought about. They increased it through organizing in their country working parties. These were parties which visited other plants where there were better methods, and they were thus able to bring back to their home plants new ideas. They increased their productivity by setting up Anglo-American productivity teams, whereby they brought teams of workers from the United States to some of the British factories to give the workers there some new ideas, and by sending working parties from Britain to the United States to see developments and different methods they had over there in increasing their productivity.

Then they increased their productivity by the formation of development councils who, along with management, were able to get together and to increase productivity in that country. Those are some of the methods used in Great Britain. Through them they were able to increase their general standard of living.

The pamphlet states further that between June 1945 and 1950 retail prices in Great Britain went up 21 per cent, which is quite an increase. It states that the increase is serious, but that it has been much greater in other countries. As a matter of fact retail prices in the United States went up 33 per cent during the same period, in Australia 36 per cent, and in Canada 38 per cent. Retail prices in Holland and other parts of Europe went up to a much greater extent. In Holland prices went up to the extent of 37 per cent, while in Italy the rise was 102 per cent, in Finland 233 per cent and in France 369 per cent. It points out however that the real test is what the real income of the people is, and to ascertain, after making allowances for higher prices, how much more goods and services they are able to use, per head of population. In Great Britain the amount of goods used was higher than before the war. An economic survey of Europe in 1949 published by the United Nations economic commission showed that of the western European countries labour Britain and labour Sweden tied for first place. In both these countries the level of real income in 1949 was 18 per cent above pre-war. The article continues:

> In Norway, another labour country, the increase was 17 per cent, in Denmark, 6 per cent. France's level was only 1 per cent above pre-war, Holland was still at the pre-war level, and Italy's level was 8 per cent lower than pre-war.

So that the British government were able and have been able to give their people a better standard of living than they were enjoying before the war. Since the war the money spent by the people of Britain on goods and services has been going up. In 1949 it was £8,400 million as against £6,790 million in 1946. Since 1946 clothes rationing

has ended, and furniture, furnishings, household linen, washing machines, vacuum cleaners and television sets have been taken off the ration list and the consumption of these goods is much larger than it was before the war.

The parliamentary assistant to the Minister of Finance did not go on to show direct controls in Great Britain had played a large part in maintaining this lower cost of living. About 60 per cent of the total spent by the nation is spent on things covered by price controls.

Mr. McIlraith: I wonder if the hon. member would permit a question? I am trying to follow his argument. He has taken a set of figures covering the period from 1946 to 1950 and then argues with regard to conditions in Great Britain now. Has he any figures that would bring the ones he is quoting up to date and which would deal with the sharply rising cost of living there, which perhaps is no sharper than anywhere else?

Mr. Wright: I have only the figures up to —

Mr. McIlraith: The hon. member seemed to be speaking about the present and the past in different parts of the same argument.

Mr. Coldwell: The hon. member for Coast-Capilano (Mr. Sinclair) quoted from this pamphlet and the hon. member has a right to quote in rebuttal.

Mr. McIlraith: I was simply trying to clear up one point in his argument.

Mr. Wright: This pamphlet was introduced first by the hon. member for Coast-Capilano. The hon. member for Ottawa West (Mr. McIlraith) has it in his hands. This brings the figures up to 1950 but it does not give the 1951 figures. I do not think they are available, but I think what is here proves my point.

Mr. McIlraith: The cost of living figures are.

Mr. Wright: The cost of living in Canada went up 4·5 points in one month and undoubtedly will show a rise in the future when the results of this budget are incorporated in retail prices. There is no doubt that some of the features in the budget will act against inflation in their long-term effect, but the short-term effect of the budget will be to create further inflation. You cannot increase the sales tax by 25 per cent, a tax which is imposed on a large proportion of the goods consumed in this country, without an inflationary effect. You cannot increase the excise taxes on other goods without the first effect being inflationary.

Some parts of the budget, such as that part wherein they have taken steps to prevent depreciation being allowed on certain types of construction for the next four years, no doubt in its long-term effect will be deflationary. As a matter of fact that is something which we in this group have been trying to bring to the attention of the government for some time. The accelerated depreciation allowed to industry by this government immediately after the war was inflationary. One of the major causes of the present inflation in this country was the tremendous amount of money spent on capital expansion. While a reasonable amount of capital expansion is absolutely necessary, it is possible to have too much especially for the production of non-essential goods.

This article shows that there is being used for capital expansion in Great Britain about 20 per cent of the total production. According to the figures given by the Minister of Finance (Mr. Abbott), if my memory serves me correctly, we are spending about 18 per cent of our total production in capital expansion. Only when we balance our capital expansion against the sale of goods will we have a balanced economy. There will have to be some planning of our economy if we are not to have the booms and busts we had in the past.

Because of certain measures introduced by the government immediately after the war in their decontrol policy and in giving accelerated depreciation on capital expansion we have the inflationary spiral in which we find ourselves today. That was one of the major causes. While I admit that certain parts of the budget are deflationary in effect, nevertheless the immediate effect is inflationary. I do not think that anyone who considers the budget as a whole can get away from the fact that it is inflationary.

As far as we in this group are concerned, we have always believed that we should set aside a certain amount of our national income each year for capital expansion. That is one of the first principles of this party. We agree that you cannot have your pie and eat it too. If the hon. member for Ottawa West would get a copy of *Comment* for March, 1951, published by the C.C.F., he would be able to get some idea of the policy of this group with regard to capital expansion. With regard to the slice of the Canadian pie, which is the total productivity of this country, it has this to say:

> The size of your particular piece will depend on these and other factors:
>
> (1) The size of the pie itself.
>
> (2) The proportion devoted to investment in capital goods.

And later on:

> The bigger the pie the more there is likely to be for each. Thus, we all have a stake in higher production. To get maximum production we must employ all our human and material resources. Nobody should be out of work and no factories

should be idle. To make the biggest possible pie we must have the highest possible rate of productivity. This means both a full day's intelligent work each day by the members of the labour force and the best possible tools and equipment for the labour force to work with.

With regard to the reinvestment of capital, it states this:

Capital investment should be stabilized at an appropriate proportion so that we shall have continually increasing productivity in the years ahead. (The proportion was 18 per cent in 1950). It would be foolhardy to seek a bigger piece of pie this year if it means smaller ones in the years ahead.

It is essential that there be capital investment in any country. The basic policy of this group is that that capital investment should be planned so that there will be capital investment in new production and the bringing in of new resources over the years. That portion of the profits of corporations which is put back into capital investment for the production of necessary goods would never be touched by this party. It is absolutely essential that there be reinvestment in capital production. One of the things that we object to is a corporation coming into this country, investing in our natural resources, and then taking the profits which they make out of this country rather than reinvesting them in Canada. That is one type of profit which we believe should be taxed. The reinvestment of capital for the purpose of expanding production and developing our resources has always been a major plank in the platform of this group. Mr. Speaker, the hon. member for Ottawa West got me away from the matter I was discussing, but perhaps that is a good thing if it has removed any doubt from his mind as to the policies of this group with respect to capital investment.

Before concluding I should like to deal briefly with the development of the Saskatchewan river. We have had several speeches urging that at this session the government should bring down an item in the estimates which would indicate their intention of going ahead with the South Saskatchewan river project. The Minister of Agriculture (Mr. Gardiner) is in his place. He knows the province of Saskatchewan is very anxious to see this development proceeded with. They have agreed with him and with the P.F.R.A. officials to accept responsibility for their share of this project. One of the main reasons they are anxious to have it proceeded with immediately is the need for power in Saskatchewan. At the present time there is a real shortage of power. Owing to the rural electrification scheme introduced by the present government there has been a tremendous increase in the amount of power used.

At the present time that power is developed mainly in two ways, from coal at Estevan and from crude oil through plants in centrally located areas. Their whole system has been set up with the idea of eventually using power from two developments on the Saskatchewan river, the first on the South Saskatchewan and the second at Fort à la Corne, just below where the two forks of the Saskatchewan join, north of Kinistino in northeastern Saskatchewan. An amount of approximately $1 million has been placed in the estimates for this development this year, but that will not be sufficient to get the South Saskatchewan project under way. The dam is going to be largely of earth, and it is estimated that it will take seven years to complete that part of the project and approximately ten years to complete the whole program of irrigation and power development. The cost to the federal government is estimated at between $68 and $69 million and to the provincial government somewhere between $34 and $35 million. If we are only going to spend $1 million as provided in the estimates this year it will take about 70 years to get the dam built, and I am afraid most of us, including the Minister of Agriculture, will not be very much interested in the matter then.

In my opinion this South Saskatchewan development is only a small part of the total development of that river. I think it necessary that this be gone ahead with first in order to control the flood waters of the Saskatchewan, but there is a further development at Fort à la Corne which will supply almost as much power as the South Saskatchewan project. Then if we go down to the estuary of the Saskatchewan and Carrot rivers we find, according to a survey made by the P.F.R.A. during the last two years, between three and four million acres of the best land to be found on the continent of North America. This is not in use today because of flood conditions. We do not have the figures of just how much money would be required to prevent this flooding, but I doubt if it would be as much as we are going to spend on the South Saskatchewan project. I doubt if it would cost $100 million to prevent the flooding which takes place in that area. If this flooding could be prevented through dams further up the Saskatchewan which would hold back the water, and if that area could be placed under cultivation, we would have not 500,000 or 750,000 acres of new land that could be irrigated under the South Saskatchewan project, but probably 3 to 4 million acres of the best land on this continent. As a result production in that

area would be greatly increased. Approximately two and a half to three million acres of this land lies in Manitoba and the remainder of almost a million acres in Saskatchewan. I am sure this is the largest single area of undeveloped land remaining in Canada, and it is probably one of the last large areas that can be opened up for development.

These are projects which should be developed. We all realize that with the present world situation we have to make large expenditures for defence; but if this country had maintained reasonable price controls we could have saved a large part of those expenditures. It is estimated that our defence budget this year will be approximately $1,600 million, and that in the next three years we are going to spend $5,000 million on defence projects. Anyone who will take the trouble to compare the prices we have to pay for equipment today with the prices we were paying in 1944 and 1945 will discover the startling fact that to buy airplanes and tanks today it costs the government approximately $3 for every $1 it cost in 1944. In other words if we had maintained some controls over prices and basic materials in this country we would have been able to get the same amount of war production for just one-third what we have to pay today. Then some of the money that could have been saved by reasonable controls in this country could have been spent on the development of new areas and the extension of railway lines, so that we would have been in a much better position to produce the sinews of war than is the case today.

I suggest to the government that while we are engaged in an effort to build a defence force that will work for peace, there are other projects which will also work for peace. The development of the food supplies of this country to the point where we had exportable surpluses that could be used to feed hungry peoples probably would be an even greater contribution to peace than our armed forces. Eventually we will have to realize that we cannot continue to have large areas of undeveloped territory while millions of people starve in the crowded countries of Asia. Only when we realize that and begin to develop our resources so that through their use we can supply some of the needs of the world will we be able to contribute effectively to peace.

Mr. W. J. Browne (St. John's West): Mr. Speaker, I rise to offer some observations of a general nature on some statements contained in the budget speech of the Minister of Finance (Mr. Abbott). I believe it is fair to say that the good humoured appearance and manner of the minister in introducing his budget this year indicated that he did not find raising the necessary money a very difficult job. Anyone who examines the sources from which he is going to get his new taxes, $405 million, will see there are only half a dozen items from which he will get that large amount of money. It says something for the efficiency of the tax structure of Canada that such a great amount can be raised so simply.

The economic survey given by the minister draws attention, in my opinion, to the great influence which governments today have upon the direction and development of trade and commerce. Institutions like the wheat board, and legislation like the Agricultural Prices Support Act, the Fisheries Prices Support Act and the Agricultural Marketing Act, affect the prosperity of farmers and fishermen to a great extent. Controls and subsidies, taxes, duties and rates of exchange, can all be used by a minister of finance to bring about what he considers the best results for the people of this country.

It is startling to examine the figures given by the Minister of Finance in that respect. For example, he said that the action of the government in September, 1949, in altering exchange rates, had this effect: That the imports from the United Kingdom increased by 32 per cent; imports from countries other than the United States increased by 27 per cent; exports to the United States increased by 34 per cent; exports to the United Kingdom declined by 33 per cent. He said that trade was, in that way, balanced. I think we will all recognize that trade is a delicate thing when it is capable of such sudden and swift reversal. It happens that the way it went was all right, but if it had gone the other way the Minister of Finance would not have been in such good humour two weeks ago.

The remarkable increase in industrial activity in 1950, after the depressing start that we made last year, has resulted in increased earnings, increased profits, increased prices and, for the government, increased revenue. As the Minister of Finance would be the first to recognize, this increase was principally accounted for by the developments that took place last June when the North Korean forces invaded the south. It is remarkable how closely associated the country's prosperity seems to be with war. Of course, this is illusionary. While many people make profits out of war, those who are least able to bear the effects of war find that, as prices have gone up, their standard of living has been lowered. Whether this increase in Canada's

prosperity would have occurred but for the Korean affair is very problematical.

The minister draws attention to the increased productivity in European countries, and shows how they have expanded their production considerably in advance of what it was in 1939. To some extent the productivity of those countries during the past year is also attributable to war preparation. It is due, in large part, to the cumulative efforts of the aid which was distributed through the Marshall plan to those European countries whose recovery was considered to be necessary and desirable. Arrangements for this aid were made with the object of preserving those countries from falling under the influence of communism. So far as the United States itself is concerned, the effects of the Korean war in economic and commercial affairs have been greater than here. In the United States they have introduced a measure of price control, and there is reason, I believe, to feel that it is going to be successful.

Although in his speech the Minister of Finance indicated an appreciation of the menace of Russia to the free nations of the world, the policy of the government during the past year has shown only a fraction of the anxiety and fear that seem to be actuating the people and the government of the United States. It seems strange that these two countries, side by side and possessing the same knowledge of the dangers threatening the free world, should view this threat in such a different manner. The United States has taken most extreme measures to resist this threat. They have introduced compulsory military service, and are trying to conscript youths as early as eighteen years of age, whereas in this country we are going along dependent upon a half-hearted recruiting campaign to get 150,000 men in three years. At the conclusion of it we shall have in proportion about as many men as Belgium had in 1949.

When the armies of North Korea invaded South Korea last June, a quick victory by the communists was prevented only by the rapid action of the United States which was the only country possessing sufficient trained men to go to the assistance of the hard pressed South Korean forces. Canada had no troops to send. Three or four days after this aggression had occurred, parliament adjourned without having made any preparations for Canada to play its full part. Although Canada sent three ships of war, and gave other material help, it was unable to provide the ground forces which were most needed in that crisis. By the time the special session was called in September, the situation had become more grave but the government seemed to view the situation with no greater sense of urgency or concern. It is true that at that time powers were taken to raise money, and we did vote a large amount of money. Power was taken to recruit a special force for service wherever the United Nations wanted it to be sent. But here we are, ten months after the outbreak of the war, and Canada today has only one battalion in the field and 6,000 men en route.

I noticed that in a speech at Toronto the other night the Secretary of State for External Affairs (Mr. Pearson) said that people in the U.S.A. were complaining that Canada was not doing its share, because it was only doing one-twelfth or one-sixteenth when it should be doing more. He said, how is it no one says Argentina or Egypt is not contributing an equal share? I think it is due to the important position Canada has been playing in world affairs. Because of its actual wealth and its potential wealth, more is expected of Canada today than those countries which he mentioned. Our own deficiencies are reasons which should make us thankful that we are a neighbour of the United States. We receive protection from the United States that I do not think we fully appreciate. I am quite sure that if the United States were not there with its powerful forces there would be nothing to prevent Russia from attacking us instead of looking for objectives in Asia.

Not only those living in Canada but the whole world, as the Secretary of State for External Affairs has repeatedly said, owes a great debt to the United States. If it had not been for the decisive action of the United States in June, what would the United Nations have done? I contend that without the leadership of the United States there would be no United Nations today. If it had not been for the action of the United States, Korea would now be under communist control, and it is quite feasible that communist forces would have since invaded Formosa or even Japan. Because of the magnificent leadership of the United States in world affairs, I think it was rather surprising that the Secretary of State for External Affairs should speak as he recently did in Toronto. Some country must take the lead in upholding the principle of international justice and morality. What nation is better qualified to do so than the United States which, for several years past, has been distributing largess to all the nations of the world with a lavish hand from its vast resources? What nation today could equal the vast efforts she is making to rearm herself and protect the other nations of the world against aggression? What nation can say that the United States is doing less than her share for the maintenance

of world peace and the protection of the weaker freedom-loving nations of the world against aggression? There is no country so well qualified, for so many reasons, for the all-important task of world leadership. This is the role that the majority of nations have given to the United States today. The statesmen of other countries, whose contributions do not compare with those of the United States, I think should therefore refrain from publicly rebuking the United States for performing the duties which leadership of that nature requires.

The Secretary of State for External Affairs has complained about the criticism of Canada by people in the United States. He should remember that on at least three occasions in the past year the Prime Minister of Canada (Mr. St. Laurent) did not hesitate to speak his mind quite frankly and quite firmly on subjects concerning the United States and on one occasion that I remember, whilst visiting the United States, the subject matter of his comments was of no apparent concern to Canada at all. If words have meanings, leadership implies followers who are filled with zeal and are loyal to the leader in the pursuit of those noble objectives of world peace and security and the social and economic progress of all the nations of the world. Such an attitude does not, of course, imply slavishness or obsequiousness. It seems to me that the discussion in Canadian forums, by cabinet ministers, of questions such as the unfavourable criticism of certain groups in the United States is of doubtful value. It certainly seems to be far from the traditional idea we have had of the art of diplomacy. It seems to me that we are copying the bad example of the Russians who, by their brazen, openly aggressive and even insulting tactics, have made diplomacy so difficult today. Canadian public men it seems to me should not adopt those tactics. It is regrettable if they do; but that they should consider it necessary seems to show our helplessness in these difficult times, and the necessity for our depending upon God's help in the work which we have in hand.

For the success of the lofty undertakings entrusted to the United Nations more than diplomacy and ability is necessary today. I know that it is probably quite trite to say it, but everyone recognizes that we need the great virtues of patience, wisdom, charity and humility, and that we need to put our trust in God more than in guns. But throughout it all we need perseverance, keeping in sight the final aims we have in mind.

I am encouraged to offer these comments by some of the observations made by the Secretary of State for External Affairs, in his speech in Toronto, when he said that foreign affairs are now the business of every Canadian family and the responsibility of every Canadian citizen. If such a statement applies equally to the citizens of the United States, I should like to hear his appraisal of the tremendously popular welcome given to General MacArthur on his return after his sudden dismissal from the high posts and the high offices which he has held because of the views which he had publicly expressed on the manner in which the Korean campaign had been carried on.

What are the aims of the United Nations? How many members of this house here tonight can tell what are the aims of the United Nations now in Korea? I do not believe anyone knows, not even my hon. friend the Minister of Veterans Affairs who represented Canada so well at the United Nations this year. But I should like to draw attention to the statement made by the Secretary of State for External Affairs at the United Nations general assembly on September 27 last when he laid down five objectives that the United Nations should have. The first three of them are as follows: First, a united and free Korea; second, assistance by the United Nations to the peoples of Korea in establishing peace and order throughout the territory of Korea; and third, a Korea not divided or disturbed by subversive communist elements directed from outside Korea.

Recent events seem to indicate a serious weakening in the resolution of the United Nations to attain these ends. Now no one hears any mention of a solution to the Korean problem at all that would require, for example, the aggressors to pay compensation for the damages and injuries they have inflicted upon the United Nations forces. Nevertheless, reparations of that kind seem to be imperative if international justice is to be respected. Those responsible for the conduct of the affairs of the United Nations should remember that it is desirable to have clear and definite aims and objectives. If these aims are always to be thwarted and negatived or neutralized by the fear of possible communist disapproval or action, then the work of the United Nations, in its most important aspect—the pursuit of peace and its maintenance—would be reduced to its lowest level. It would be better to reorganize the United Nations and proceed without the presence of Russia than always to have to submit to communist dictatorship and veto. For example, if Russia had happened to have judged the situation aright and to have been present at the security council at the time that the northern armies of Korea invaded southern Korea, I think that she would have been far more successful. It was only the

absence of Russia from the security council that permitted the measures to be taken which resulted in the defeat of North Korea.

To one who comes from a country which owes the loss of its independence to the inability of finance ministers to balance its budget for a number of years, the ease with which the Minister of Finance accomplished his task is a source of great astonishment. I realize that Canada in the early thirties was also having its financial difficulties and its budget remained unbalanced for many years. But during the war the revenues increased and if it had not been for the extraordinary war expenditures, the excess of revenues over expenditures would have been great.

The potential wealth of this country is amazing. Under the very walls of this building the mighty Ottawa river flowing majestically to join the St. Lawrence is already, to the people of Ontario and Quebec, a great source of electrical energy and power and is capable of producing even greater quantities of electrical energy and power. The mighty St. Lawrence river could prove to be an immense reservoir of electrical energy; and in my opinion the wealth and production of those two provinces are closely associated with the fact that they possess within their borders this great source and cause of wealth. The growth and prosperity of Montreal, Toronto and the cities and towns adjacent to the hydroelectric developments are due in great measure to the availability of the supply of electrical energy. I should like to see the St. Lawrence waterways project become a reality. Yet I sympathize with the hon. member for Cape Breton South (Mr. Gillis) and the hon. member for Annapolis-Kings (Mr. Nowlan) for the anxiety which they feel lest the deepening of the St. Lawrence and the development of the canal system should spell further decline for the maritime provinces. It seems to be understood by them—and I believe their opinion is generally shared by the members in all parties from the maritimes—that the maritime provinces will decline in proportion as the central provinces improve their financial and economic position. This should not be so, and it should not be beyond the wisdom of the statesmen of this country to investigate the cause of these fears and dispel them. It is a remarkable thing to me, who came into confederation just a couple of years ago, to find that after 84 years of confederation the members from the maritimes rise in their places and speak of the mistake that was made as if it had been only yesterday. They feel so bitterly that today they question the advisability of this vast project which seems to be full of benefits for Canada as a whole.

I can only re-echo the sentiments expressed by the junior member for Halifax (Mr. Balcom) in his speech today, on which I also congratulate him, when he said that he could not see how something which was going to be of general benefit to Canada as a whole should be of disadvantage for any considerable part of it. It seems to me, however, that the government should take these matters into consideration seriously and do all in their power to alleviate the injustices of which the members from the maritimes complain.

It was remarked in the Turgeon report that the central provinces had no complaints or questions to ask about the freight rates that prevailed in Ontario or Quebec. That was a significant fact. It showed that it did not matter which way the freight rates went, Ontario and Quebec would be prosperous anyhow. I know that by union of Newfoundland with Canada the economy of Newfoundland has been seriously affected, and with a view to putting that economy on a sounder basis I have repeatedly drawn the attention of this house, and especially of the Minister of Agriculture (Mr. Gardiner), to the promotion of agriculture in Newfoundland. I have tried to induce him to come down and visit us, but he has not yet found it convenient to do so. He is such an expert on such a matter that I believe it would be helpful to us if he did find it convenient to come.

I have great faith in Newfoundland. I think that it can produce a far greater share of the food and the clothing that it needs if agriculture is properly developed. Agriculture is a subject that comes especially within the duties of the federal government, and I do not think it is fair for the federal government to leave so much of the solution of this great economic problem to the greatly handicapped department of agriculture in Newfoundland. They have only one or two officials down there. They have not got the experts in all departments that the federal government has. I would plead with the Minister of Agriculture again this year that he come to see us and see for himself our possibilities, and see if he cannot give us greater help than we have yet received from the federal government.

Somewhat different considerations apply to the question of the fisheries. In the remarks that I made on the speech from the throne I urged the government of Canada to do in Newfoundland as they had done in Nova Scotia, namely, send a man down there to organize the fishermen. Well, I do not know whether the Minister of Fisheries (Mr.

Mayhew) took my remarks seriously when I spoke about what had happened in 1929 when the government of Canada engaged the Rev. Dr. Coady, the great co-operative expert, to go around Nova Scotia and organize the fishermen of that province. He did so, and the united maritime fishermen is the result. It is a very powerful organization today. Whether the Minister of Fisheries took me seriously or not, it appears that the premier of Newfoundland took the matter very seriously, because he has done the very thing that I recommended. He called a convention of fishermen. A delegation of 200 fishermen came to St. John's to a convention at the government's expense. He brought Dr. Coady from Nova Scotia to lecture the delegates on the benefits of co-operation, and on the advantages that would come to them if they would organize and market their products co-operatively and also buy their goods on a co-operative basis.

When I was speaking in the same debate I made some statements on the prices received by fishermen to which the hon. member for Burin-Burgeo (Mr. Carter) called attention the other day. It must have been fairly obvious to anyone who read my speech—and I am sure it was to the Minister of Fisheries—that when I was speaking about the prices paid to fishermen by the merchants I was not condemning all the merchants of Newfoundland. I was speaking only of course from information which I had gathered from those who had come to see me, and those with whom I had come in contact. But even then I found some fish buyers and merchants paying higher prices than others. I was criticizing those whose prices appeared to be unreasonable. Now a royal commission has been appointed in Newfoundland to investigate these prices and the fisheries prices support board is also doing the same thing. Therefore I think that further comment should be deferred until one or both of these bodies have reported.

On former occasions I have brought to the attention of this house the inadequacy of the financial terms that Newfoundland received on union, and I have asked the government to act in accordance with the terms of union and appoint a royal commission to go into that question in regard to Newfoundland. The term of union which deals with this subject reads as follows:

> In view of the difficulty of predicting with sufficient accuracy the financial consequences to Newfoundland of becoming a province of Canada, the government of Canada will appoint a royal commission within eight years from the date of union to review the financial position of the province of Newfoundland and to recommend the form and scale of additional financial assistance, if any, that may be required by the government of the province of Newfoundland to enable it to continue public services at the levels and standards reached subsequent to the date of union, without resorting to taxation more burdensome, having regard to capacity to pay, than that obtaining generally in the region comprising the maritime provinces of Nova Scotia, New Brunswick, and Prince Edward Island.

That section gave a term of eight years within which this royal commission should be appointed; but it has been my opinion from the beginning that the financial terms have been inadequate. Since, sir, the commission of government left a legacy of between $40 million and $50 million, of which about half has now been expended in two years, and the government of Newfoundland has been depending upon a transitional grant of $6½ million and drawing about $12 million a year from the surplus, it will be seen that in another two years Newfoundland will be in serious financial stress again, and as only the other day one of the ministers in the provincial government, namely, the minister of natural resources, resigned and said that in his opinion the policy of the government was driving Newfoundland into financial ruin, I believe the government of Canada should soon give consideration to the appointment of such a royal commission.

The Newfoundland government has been working with feverish energy to try and induce foreign capital to come into the province, but apart from the development on the Quebec-Labrador frontier no foreign capital has yet been invested in Newfoundland. The government of Newfoundland, however, out of the surplus, has started four enterprises of an industrial nature. They are building a cement plant and two plants for the production of gypsum products, and near St. John's they are building a mill to treat birch. The initiative for the appointment of this royal commission, it seems to me, rests with the government of Canada, as the government will have to bear the reproaches of Newfoundlanders. I hate to think what Newfoundlanders will be saying in eighty-four years' time about what happened in 1949. I think the government of Canada should consider the question now and not allow it to become a running sore. The government should show its sincerity and interest in the new province, because the problem is a very serious one. We should not have to depend upon socialistic enterprise, in which I am sure the federal government has very little faith.

The Minister of Finance remarked that the action taken by members of the North Atlantic treaty organization to protect themselves had been a great and incalculable change for

the better during the last year. The prolonged negotiations between the governments of Belgium, Holland, Luxembourg, France and western Germany in regard to the integration of the coal and steel industry terminated since the minister brought down his budget. I am sure however that he will agree that this arrangement is a matter of tremendous importance. There is reason to hope that the arrangement will mean lasting peace between these two countries, France and Germany, which have been at war so often in the last one hundred years. It seems to mean more than that; it means that these two countries will collaborate in the common defence of western civilization, which has been in such mortal peril during the last few months.

The underlying causes of these actions are due to the fear of communist aggression from Russia. There has been a general appreciation that there is no time to lose on the part of the western nations. They must unite in resistance to this hateful, inhuman thing which is opposed to everything that Christian men hold dear. The governments of western Europe and of the western world generally know the tremendous issues that are at stake —the dignity of man and the Christian conception of the importance of the individual, parliamentary government and freedom itself.

The preservation of this priceless heritage justifies the greatest sacrifices on the part of free men everywhere. For that reason members of all parties in the house have refrained from criticism of the government in raising the money necessary to carry out defence projects. Where we differ from the government is in the impact which this new tax will have upon the people of Canada. It is a principle of taxation that those best able to bear the burden should be the ones who would have to carry it. The very rich corporations, the very rich people should have to pay far more in proportion than those who are barely getting along, hand to mouth. It is a criticism which I think is justified, that in these few taxes, which seem so simple, imposed the other day by the Minister of Finance, he has given another boost to the rise in the cost of living. And, as the hon. member for Saint John-Albert (Mr. Riley) has so well said, it is the people of low incomes who are going to feel most the effects of this new taxation.

The increased sales tax and taxes on stoves, refrigerators and washing machines will be felt most by those who are least able to bear the added cost. Today these items can scarcely be regarded as luxuries, in a country which has so much electrical energy as has Canada. To the harassed housewife, the mother of several children, it seems to me that the washing machine is a godsend; and to put a tax on that is simply to prevent her and her young family from having that advantage, and seems to be imposing a hardship on those who are least able to bear it.

We can only hope that the criticisms the minister has received from all quarters in the house in respect of putting on these taxes will have some effect upon him in the future. As he deemed it advisable two weeks ago to reduce the tax on candy from 30 to 15 per cent, we can only hope that he may come to the conclusion that, after all, perhaps it is better to put a little extra tax on liquor, or on some other articles better able to carry them than the ones I have already mentioned.

The minister has mentioned that we have two things in mind, two great issues, namely the pursuit of peace and the control of inflation. In the pursuit of peace the government should take care that the standard of living of which Canada has been so proud should not be allowed to deteriorate. There is grave fear that in its methods of attaining peace it may fail to control inflation, which we all fear so much.

Mr. J. S. Sinnott (Springfield): Mr. Speaker, I am pleased to have an opportunity to take part in the debate tonight, which has been going on for the last week. I have listened attentively to all the speeches made thus far. I am somewhat abashed however in following the eloquence of the hon. member who has just preceded me. But after listening to him for forty minutes I must confess that I am more confused than when he started.

Mr. Harkness: You are always confused.

Mr. Sinnott: However, for those who did understand him, I understand it is a good speech.

Then, Mr. Speaker, I have listened to hon. members who have taken part in the debate thus far. I would refer first to the leader of the opposition (Mr. Drew), who during the cost of living debate brought matters of public importance to the attention of the government, and dealt particularly with the rise in the cost of living. Then he proceeded to speak for about an hour and fifty minutes, at the end of which time we were still at a loss to learn from him what we should do to bring down the cost of living.

Then the hon. member for Greenwood (Mr. Macdonnell), the official critic, and a man whom I respect highly, proceeded to criticize the government for some considerable length of time. But again, at the close of his speech I was at a loss to understand his criticism.

Mr. Harkness: It is chronic.

Mr. Sinnott: The hon. member began his speech in this way:

> Mr. Speaker, we are living at a time so critical in the history of our country and of civilization that no one with any proper sense of responsibility should allow himself to be critical just for the sake of trying to score an advantage. Whether or not we are fortunate enough to come through this period without war, I suppose it is quite likely that history will look back to the spring of 1951 as a time of critical significance.

After making a statement like that, in which he said in effect that any member criticizing the government should offer some solution and know what he was talking about, I suggest the hon. member should have spent much less time than he did spend that day.

On page 2047 of *Hansard* of April 16, 1951, you find the hon. member for Greenwood reported as follows:

> How has this difficult situation arisen? Has it just "growed" like Topsy? Let me review it very briefly. After the unfreezing of prices and abandonment of subsidies which came after the last war, prices rose from 119 in 1945 to 123 in 1946, to 135 in 1947, to 155 in 1948, and to 167 in 1950.

At the present time it has gone up to 179.

An hon. Member: Disgraceful.

Mr. Sinnott: Disgraceful is right when you have not found any solution from a man like that who makes that kind of speech. Then he goes on to say:

> As I say, the government persisted in this technique, which was designed for a depression, long after it was made clear that there was a boom. As I have mentioned in this house before, the Winnipeg *Free Press* referred to this as the big blunder; while the Hamilton *Spectator*, in rather racy language, referred to it as the disastrous holiday-mood easy-money era that found politicians and economic pressure groups doing everything in their power to make inflation a permanent institution.

Previous to this parliament the policy of the Conservative party was to have all controls abolished. When those controls were taken off then the party seems to be divided as to whether or not they should all be put back on. There is no consistency whatever in their arguments.

Then I should like to refer to the hon. member for Eglinton (Mr. Fleming), whom I consider one of the brightest members of the opposition. After listening to him speak the other evening for forty-five minutes we were still at a loss to know just what suggestions were being made to the government to cure the inflationary trend. Then we go to the bright and would-be leader of the opposition, the hon. member for Lake Centre (Mr. Diefenbaker). Here is his contribution, as reported on page 1919 of *Hansard* of April 11:

> Mr. Speaker, I have sat here through the debate waiting to hear the answer to the question that the Canadian people are asking: what is the government going to do about the high cost of living? What is going to be done about inflation? What measures are to be taken? For two days this discussion has proceeded, and as yet there is no suggestion that anything effective is to be done to meet a situation that affects every home in the country. No proof is needed that inflation today is terrible in its incidence and effect. No one expects the government to do everything, but at least the people as a whole have a right to expect that the government will do something at this time.

I would say that that was a pretty sensible speech, but after following it over the next two or three pages I find that there is not one solitary effort made to tell the government what to do to bring down the cost of living. Then we heard from the hon. member for Brant-Wentworth (Mr. Charlton) but he made no suggestions. Then we heard from the flaming hon. member for Simcoe North (Mr. Ferguson), who gave one of his great oratorical efforts tonight. We are all pleased to hear his humour. In one breath he was saying that the government was all wrong, that there should be private enterprise, and then he was saying that the government should get out of business. How can you make sense out of two statements like that?

Mr. Cruickshank: It cannot be done.

Mr. Sinnott: I intended to say something tonight with regard to my own constituency, but with more important matters before us I shall leave that to another time. Just recently the government explored the possibility of Snow Lake, Manitoba, for the development of copper, zinc, lead, et cetera. I should like to draw to their attention the fact that in Springfield there is the possibility of developing another Sudbury in the production of lead, copper, zinc and lithium, of which there is one of the biggest deposits in the world.

An hon. Member: Explain.

Mr. Sinnott: Before I get through you will have some explanation. During the cost of living debate I mentioned subsidies on the essentials of life such as bread, meat and milk. When I refer to those subsidies I must not forget to refer to the fair section of our house. The hon. member for Hamilton West (Mrs. Fairclough) also said that these were the essentials of life, with which I quite agree. I mentioned those subsidies in order that during the next week or so the government might indicate some way in which they could be applied. However, up to the present time I have had no word from them.

Today the hon. member for Coast-Capilano (Mr. Sinclair) quoted from a pamphlet issued in Great Britain and which attempted to set

out what was going on in Great Britain. On page 9 of this socialist propaganda they state this:

Britain's Imports

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

Britain has to import about half its food and many raw materials. Both food and raw materials are far more expensive than before the war. And prices have taken another steep rise since the outbreak of war in Korea. Some wool for example now costs nine times the pre-war price. Hides cost six times pre-war; cotton more than seven times pre-war. Within three months of the beginning of war in Korea the price of rubber rose 70 per cent, of tin 30 per cent, of U.S. cotton, 20 per cent, of zinc 20 per cent and of lead over 30 per cent.

Then on page 13 they deal with wages and salaries. When reference is made to wages and salaries I cannot help thinking of the hon. member for Winnipeg North Centre (Mr. Knowles), and I cannot help thinking of the hon. member for gimme, gimme, gimme, gimme. It is a case of give me, give me, but give nothing back; get all you can out of the government, but do not attempt to show the government how they can get any money.

Mr. Sinclair: Is he the hon. member for Gimli?

Mr. Sinnott: He is the hon. member for gimme. This is what is said about wages and salaries:

What effect do changes in wages and salaries have on prices and the cost of living?

About 60 per cent of the value of the nation's output is the cost of wages and salaries.

Then we will go to another page. Remember this is published by the Labour government of Great Britain, by the socialist government, and yet we are often criticized by our hon. friends across the chamber. Here is what they say about the purchase tax.

Mr. Sinclair: That is the sales tax.

Mr. Sinnott: This is the tax about which the hon. member for Coast-Capilano has been ribbed about so much of late. They say that this purchase tax makes little difference to the cost of living of the working people. Then in section 5 they say:

In discussing the cost of living we have touched on many of the economic problems of our society. There is no such thing as a policy for the cost of living. Just as the cost of living is the result of a number of conditions in all parts of the economic system, so an attempt to control the cost of living involves a number of different policies applied to the key points in the system.

The government has a vital part to play in all this.

Mr. Johnston: What do you say about it?

Mr. Sinnott: Have you anything more to say before I continue?

Mr. Johnston: What are the Liberals doing about the cost of living?

Mr. Sinnott: This is what the government of Britain says:

But the government can only achieve its purpose in co-operation with the people. In the end it is the pressure of the government at one end, and of consumers at the other, that will really direct the economy in the way it should go. It is a long and difficult job, but not an impossible one.

Before I finish I may have something to say along the same lines. Now I go over to page 23, chapter 4:

Is it agreed that the greatest hope for lower costs lies in increased productivity and ending restrictive practices?

If our friends on the other side are all for controls they certainly are not of the same opinion as the Labour government in Britain. When I mentioned subsidies during the debate on the cost of living I had one thing in mind; but I left it open, because I am only a backbencher here, and I do not count for much. I have no say as to the final decision.

Mr. Johnston: It won't be long.

Mr. Sinnott: If the hon. member for Bow River (Mr. Johnston) opens his mouth much wider it will blow up. By the way, Mr. Speaker, as far as I know he has not contributed anything to this debate so far. I am quite in accord with the hon. member for Hamilton West that something should be done about this inflationary trend; but in all the speeches we have heard in this house, both from the opposition and this side, there have not been many suggestions as to how government expenditure could be cut. I think the only hon. member to make a suggestion of that kind was the hon. member for St. Mary (Mr. Dupuis); and I think if the hon. member could go into the various real estate transactions that have taken place over the years he would find that the lawyers skimmed the cream off those. Just recently I read an article in a Toronto newspaper about a court case that had been adjourned six times, and the judge said the reason for all the adjournments was that the lawyers were making so much money out of real estate they did not have time for petty cases.

What I am going to suggest may not meet with the approval of everyone here, but I think it will meet with the approval of the hon. member for Hamilton West. I say that the essentials of life should be subsidized, such as bread, meat and milk. To pay for such subsidies money would have to be found; and while I am suggesting to the government that these subsidies should be paid I am also going to tell them where the money can be found.

The hon. member for Coast-Capilano was careful in his remarks today in dealing with the tax on liquor, but I am going to propose a tax of 2 cents an ounce on all hard liquor over and above the present tax, a tax of 1 cent an ounce on wine, and a special tax on beer by the glass.

Mr. Tustin: Would the hon. member tell us, for the sake of information, how much that tax would bring in during the coming year?

Mr. Sinnott: Sufficient, I would say, to pay the subsidy on all the milk and all the bread and all the meat consumed in this country, with money left over for the treasury. I am not an absentee when there is a drink around; once in a while I take one, if someone twists my arm, but too many men are spending their money foolishly on liquor and leaving their families at home without the essentials. Certainly this tax should be approved by most Canadian families.

An hon. Member: Rap the government.

Mr. Sinnott: Whether I rap the government or not I am sent down here to do my job. If I am supposed to be a yes man I do not want to be here at all. I do not follow the tune of my C.C.F. friends over there. When they get out of line they are whipped right back into line. The hon. member for Moose Jaw (Mr. Thatcher) voted out of line just once. He was subjected to such a lashing by the whip that he never did it again. When the last vote was taken he whipped behind the curtain.

Mr. Thatcher: Where were you on wheat?

Mr. Sinnott: I was Johnny on the spot when the vote was taken. There is something that can be done. If the government would allow the people to keep something instead of taking it all away in taxes we would have plenty of production. Now, when I say what I have to say I hope it will be taken in a friendly way by the cabinet. However, what I propose to say, Mr. Speaker, is not what the opposition thinks at all. During the last war, with the taxation as high as it was at that time, labour in this country refused to work because most of their earnings were taken away by their employers at the end of the month.

Mr. Sinclair: By their employers?

Mr. Sinnott: Deducted from their salary by the employers for dominion government taxes.

After very careful thought I say that subsidies are necessary, but they are only temporary. They are only necessary temporarily for the simple reason that if you allow production to run its course it will overtake this inflationary trend. I have indicated the way in which the government could dig up some of the money, and since there are sixteen members of the cabinet I suppose they can dig up some somewhere else.

I propose now that, in 1951, the producers of this country be given a concession in their taxes to the extent of 75 per cent of the amount they produce over and above what they produced in 1950. In 1952 I would propose to give them a reduction of 75 per cent of what they produced over and above 1951. In 1953 I would propose to give them a reduction of 75 per cent of what they produced over and above 1952. This would give the producers of this country and the farmers of this country some incentive to go to work. When the producers of this country realize that they are at least going to have some remuneration for themselves if they produce more than they produced the year before, I am sure we will receive the co-operation of all the producers of this country, both in the factories and on the farm, and this inflationary trend could be stopped in that way.

Mr. Sinclair: That is right.

Mr. Sinnott: I am told by the parliamentary assistant to the Minister of Finance (Mr. Sinclair) that I am perfectly right. I know, Mr. Speaker, that production and work is the only solution. I listened the other night while the member for Oxford (Mr. Murray) quoted the nineteenth verse of the third chapter of Genesis which says:

> In the sweat of thy face shalt thou eat bread, till thou return unto the ground.

Mr. Speaker, he should have gone on a little further and said: If thou wilt not work, thou shalt not eat.

I have indicated that production is the only solution to this inflationary trend. If the government will only allow the producers of this country to take hold, and will show them a three-year program, I am sure that those who produce the beef and the hogs, those who produce the essentials of life, will do the job themselves.

(Translation):

Mr. Henri Courtemanche (Labelle): Mr. Speaker, after all those speeches dealing with the budget introduced by the Minister of Finance (Mr. Abbott), certainly our Liberal friends, weary of all these criticisms, are wondering what now can be said against the the budget. It may be that I will add nothing new to this discussion. Nevertheless, I feel

it is my duty, in times as serious as these, to express what I know to be the feelings of the people of Labelle constituency.

Moreover, I wish to state, officially and categorically, my opposition to such a budget, knowing as I do what great difficulties and responsibilities rest on those who, today, let the government impose such a heavy burden of taxes on the people, without proclaiming their refusal to approve the measure introduced, without proclaiming their refusal to follow the government in the nefarious road they are taking.

If so many speeches have been made against the budget it is because protests have come from every quarter.

It was not necessary for me to travel across the length and breadth of my constituency to find out the views of my constituents in this matter. The very first people I met, whether their political affiliation was Liberal or Conservative, all expressed the same opinion: this is a disastrous budget, a depressing budget, one which makes us consider the future with the greatest misgivings.

In any event, I have received very many letters that would have certainly enlightened me had there been any need for that. Certain people are really discouraged. Up to now, it was all they could do to make ends meet, in spite of all their sacrifices. But now the taxes they have to pay are going up constantly, as well as the cost of living. A large number of those who have families to provide for are most concerned about this situation. I can readily understand their misgivings.

In spite of all that, one of my constituents, probably trying to find something humorous in this rather than cry over it—I must say though that he is a bachelor—wrote to me about the budget:

> So far cartoonists have depicted the taxpayer as a man to whom the authorities have left only a barrel so that he will not be indecent. I rather think now that the new taxes will have done away with the barrel itself; we are being deprived of what little we had left. You will admit that that is becoming indecent.

With or without a barrel the taxpayer is in for a rough time. Some time ago the government tried to apply the policy known in the United States as a "soak-the-rich" policy. And the rich paid, so much so that there are hardly any of them left. And today we find that in trying to do away with the capitalists we have not done away with the very poor. On the contrary, overtaxing the rich has been harmful to a great many poor.

However, all that is ancient history now, since that well has run dry and it has been found necessary to turn to the man with a moderate income, a very moderate income, and even to the poor, to tax them on every little necessity they buy. For a good part of the day the worker and the farmer work only to pay taxes, to fill up the treasury. It is better not to try to figure out the amount of taxes we pay on any one dollar article, for the answer would leave us greatly discouraged.

Some may say: What about defence? I am all for the defence of Canada, but I am a little less enthusiastic about the defence of Korea. However, the defence of Canada or Korea does not imply that we should ruin our country. Some will say that our way of life, our institutions, our democracy are at stake. It is precisely because we must save all those things that we should not fight our enemy on the one hand and give him arms and munitions on the other.

By overtaxing the people, by refusing to take any steps to curb inflation, we are supplying arms and munitions to those we claim to be fighting in Korea or elsewhere. Inflation, let us never forget it, will always be a powerful weapon in the hands of our enemy. If the communists found it so easy to control China, it was largely due to inflation, to soaring prices. It is to be deeply regretted that our leaders do not understand that or act as though they did not understand it.

If it is really a matter of defending our country, the task surely becomes complicated, if not impossible, because of these tremendous imposts and of the fantastic rise in prices.

I beg permission to read extracts from articles on these new taxes, which appeared in two French-language weeklies. One is *Notre Temps*, the other *Le Front Ouvrier*, two publications aimed at two different classes of readers.

This is what Mr. Fernand Bourret writes in *Le Front Ouvrier*:

> The burden of war expenditures will be borne by the taxpayers, through the payment of all kinds of taxes. If the present basis of taxation were modified, it would be possible perhaps to lighten some people's burden, but in the main, however, the taxes made necessary by our war spending are impoverishing the country and reducing our standard of welfare.
>
> The freezing of prices might make it possible to relieve the pain caused by the high cost of living.

Such relief however would only be temporary, and the pain would again be sharply felt as soon as the analgesic had lost its effectiveness.

The high living costs due to heavy taxes, ever-increasing government expenditures, undue profits, combines and restrictions of all kinds which slow up production and keep prices from going down, can only be remedied through concerted efforts, especially as regards war spending.

Here is now the opinion expressed by Mr. J. T. Larochelle in *Notre Temps*. Let us see first what he has to say on the sales tax:

An important point the minister has not cared to stress is the pyramiding of the sales tax which is bound to occur in connection with a great number of commodities in current use. This tax is levied on raw materials, on the semi-manufactured product and finally on the finished product. Thus it is levied as much as three or four times (according to the number of taxable transactions) in greater amount every time before the product finally reaches the consumer. In most cases therefore the official increase from 8 to 10 per cent will, in fact, be much greater than suggested by the minister, the proportion varying according to the commodities.

In other words, we have a pyramid. And what a pyramid! That is why, a moment ago, we said it might be better if we did not try to find out the tax content of the dollar we earn and spend.

Although I do not necessarily share all Mr. Larochelle's opinions, here are the conclusions he draws in *Notre Temps*:

One must conclude that, in deciding upon new taxes, the Minister of Finance and the government have not taken into account the general interest and the economic conditions brought about by our military effort. Far from curbing inflation and the increase in the cost of living, they have levied taxes which, they admit, threaten to entail a large increase in the cost of essential goods. In the general calculations of the budgetary estimates, they have even speculated on an increase of approximately 5 per cent. The increase in taxes, like the rise in prices,—and the latter may easily climb by 10 per cent within a year,—entails no real sacrifice except for families already living on a small or moderate income, the very families that should be spared, while limited companies, whose profits are increasing and will continue to increase as a result of military contracts and inflation, are on the whole, being spared.

I do not agree with the author in the closing sentence of his article because I believe that, except in a few cases, limited companies, whose shareholders are very often people in the low income groups, people with small savings, will be very hard hit by these new taxes.

Be that as it may, these two responsible newspapers do not hesitate to condemn the budget brought down by the Minister of Finance. In so doing, they only reflect the opinion of both the urban and the rural population. There is no point in deluding ourselves: the people are angry, very angry in fact, because they feel let down by their own government. It is not surprising that in trade union circles there is talk of requesting wage increases which would inevitably bring about higher prices. But all workers do not belong to trade unions. Farmers, for instance, are not affiliated to any of them; yet the cost of living has dealt them such a blow that they wonder what the future holds in store for them.

One aspect of the budget, however, has not been sufficiently stressed. It is a provocative budget not only because of its harshness but also because of its presentation. The government raises taxes while claiming that it wishes to curb inflation. And once these increased taxes have boosted the cost of living still higher, the people are asked to economize on a larger scale.

I know that, during their election campaigns, the hon. members opposite are in the habit of making all kinds of promises they soon forget. I must also admit that quite often, and too often in my opinion, the electors do not hold it against them unduly.

Yet I feel that, where a new series of taxes is concerned, the people are not such good fellows, nor are they so naive. According to an old saying, the pill has been sugar-coated. That is all very well but it is quite another matter to give the impression that there is no pill at all and that both the coating and the inside are exactly the same. Since we are on the subject of pills, that is one the people will not swallow.

When he was told last year that taxes would not be raised the hon. the Postmaster General (Mr. Rinfret) expressed his gratitude to the Minister of Finance, stating openly that higher taxes would have increased inflation. It is utter nonsense today to try to make us believe that taxes are being increased in order to stop inflation. The Minister of Finance acts indeed, Mr. Speaker, as though he wanted us to experience the worst inflationary conditions.

Has any thought been given to the dire consequences of inflation, which the new taxes will help along? Has any consideration been given to the widow who thought she had no reason to dread the future and who finds out now that the value of the insurance she lives on has decreased by about 50 per cent. Have the disastrous effects of inflation on a multitude of thrifty people been taken into consideration? Has any thought been given to the fact that it would

discourage saving? Apparently not, for after the imposition of all these taxes, surtaxes and overtaxes, people are being urged to save.

Of course I am in favour of saving. But one should not try to make the taxpayer believe that he must or can save with the budget of the Minister of Finance.

I know that the minister is surrounded and advised by learned experts and by economists with stacks of diplomas. I am afraid however that these learned experts, these distinguished economists do not come down often enough from their ivory tower. Their work is apparently limited to somewhat abstract calculations. I appreciate their learning. I would not dare contradict an astronomer who would tell me that the earth is so many miles from the moon. But there is someone who is able to contradict the learned experts of the Minister of Finance and I refer to the Canadian housewife who cannot be satisfied with mathematical calculations but has to do the buying for the family and realizes that her husband's earnings, though they may sometimes seem increased, are no longer sufficient to feed, clothe and house the family.

I wish the experts would spend a little time asking questions of the man in the street to find out how he reacts. Naturally, such is not their responsibility. And I know that some experts in England were offended one day when someone took it upon himself to blame them and tell them that their plans were not practicable. One of them replied that "he did not care whether his plans would work out or not." His job was simply to set them up. Having talked, a few days ago, with a few immigrants recently arrived from Great Britain, I got the impression that the British experts were leading their country to the very brink of disaster, if not to complete ruin.

Mr. Speaker, I wish to make it clear that the Canadian taxpayer has no intention of being led as the British people are being led and have been led for the past few years. If we had wanted socialism, we would have elected our friends of the C.C.F.; if we had wanted a receipt instead of a pay envelope, we would have elected representatives of socialism. This is not what happened, however, and as things stand at the moment I am afraid the C.C.F. will claim before long that the Liberals have stolen their platform. It is true that socialists have been said to be merely Liberals in a hurry. That was some time ago and it might be that today the Liberals, without hurrying, have nevertheless caught up with the socialists.

But let us come back to the budget and the new taxes. Have its repercussions on the provincial and municipal authorities and the school boards been considered? The premier of Quebec has already complained, and rightly so, that more than 77 per cent of all revenues in Canada were collected by the Ottawa government, leaving only 22 per cent to the provinces, municipal corporations and school boards. That situation has not been improved by the Minister of Finance when he devised those new taxes, and the way things are being done, this government in Ottawa is going to have a new monopoly on taxation.

We know that the centralists have not abandoned their projects or their schemes. Since they cannot succeed by constitutional amendments or by any such means, they are undoubtedly contriving to starve the provinces. What they say runs somewhat as follows: "We will not tamper with your rights; have no fear. We will be satisfied with depriving you of your income!" Now, of what value are rights without powers or sources of taxation?

Indeed, it must not be forgotten that taxation cannot be carried out indefinitely, without ill effects. If it is overdone as it was in the new budget, where will it lead us?

The Calgary *Herald* at one time published an article which reads as follows:

> Let us harbour no illusions about income taxes. They penalize industry, and penalize brains. The skilled, enterprising man who really contributes to the material welfare of society is being victimized. The greater his abilities and the more he uses them, the more money he has to pay the government.
>
> Under the present taxation system in Canada it does not pay to work hard, to be intelligent, to produce. Thousands of Canadians, in all income brackets, escape taxation in a way that is perfectly legal and honest; they work less than they could, produce less than they could, earn less than they could. They pay less taxes but, in so doing, produce less.
>
> The damage wrought by this behaviour is infinitely greater than that caused by any other attitude. Throwing people into prison is no remedy.

But what are we to say today, now that we have a surtax on income tax? A government supporter has stated that we should produce more. But who is going to ruin his health or neglect his family or forgo all leisure just to pay higher taxes? If the

key to freedom is to be found in production, let us encourage and not stifle production.

If Isocrates were still alive he would surely repeat that those who make money are considered as criminals because they are more harshly penalized than real criminals.

To my mind income tax is the most harmful of all forms of taxation, because it stifles initiative and discourages those who are industrious and active. It is unnecessary, I hope, to repeat that this income tax is especially hard on people of low income. Gone are the days when only rich men suffered from this tax. Nowadays if one manages to stay alive and to dress in a half-decent way, one is sure to be the butt of the traditional April fool's joke perpetrated by the Minister of Finance, by the present incumbent as well as by those who have preceded him in that office.

This income tax surcharge cannot be justified. As far as its repercussions are concerned, they will certainly be disastrous.

But, some will say, it is luxuries that are taxed. Let us have a look at these luxuries. Washing machines, refrigerators, automobiles? Of course, they may, at times, be luxury items but generally they are daily essentials. For many people, a car is a means of livelihood. It is essential to a good many people. Now these items are taxed beyond all limits.

Cigarettes too are luxury items, according to the minister's experts. Personally, I do not think so, although I do not smoke. Whether we like it or not, this new tax will only encourage smuggling. Of course, the police will keep a closer watch at customs ports, but even then there will be more smuggling than ever before in the history of this country. We see in the papers that already important seizures have been made. But everybody knows that they represent only a very small part of the actual smuggling going on.

That may well bring about a large decrease in the government's revenues, in spite of the tax increase. But what worries me more is that our people are once again tempted to resort to fraud, illegal practices and dishonesty. In my opinion, that is even more serious than the rest. We have not forgotten the wartime black market, and we also know of a certain grey market in building materials. Let us not delude ourselves. Nearly everybody had a hand in the pie and nearly everyone has disregarded and defrauded our laws. Prohibition had disastrous consequences in the United States, not so much in loss of government revenue as on account of the deplorable state of mind it induced. Excessive taxes on cigarettes will inevitably have the same results. In Ottawa, in Montreal and nearly everywhere in Canada people are smoking more American cigarettes than ever before. We have no right to kill an industry and, more particularly, we have no right to prompt people to act illegally.

As far as the new sales tax is concerned, or rather the increase of the existing tax, it is what I would call an underhand tax, a too well hidden tax, which lets the customer believe that the shopkeeper is making an undue profit, when it is the federal government which taxes, one after the other, all the raw materials and finally the finished product. A pyramid, I said a moment ago, a pyramid which unfortunately reflects no great credit on our times. That 10 per cent tax will, more than any other, increase the cost of living. If the 8 per cent tax was a factor of the high cost of living, what will be the effect of that increase to 10 per cent?

And it is the same thing, sir, for all the new taxes or the tax increases contained in the new budget. Of course, taxes are necessary and new taxes always meet with criticism. However common sense should prevail and I think that this time the government has gone too far. The government makes a pretext of defence to go on a spending spree, to incur wartime as well as peacetime expenses which, far from strengthening our position, may very well weaken it to the point where our enemies will gloat over it.

The government wants to play the part of a great power and for that reason is inconsiderately taxing the people. Let us not forget the fable of the frog that wanted to be as big as the ox. The Minister of Finance could have been less exacting without endangering the defence of our country. On the contrary by not endangering our way of life as he is now doing the minister would have only strengthened the belief of the people in the value of the present system.

For all those reasons, I consider that the budget strikes a hard blow not only at the economy of the nation, but also at the defence of our country.

(Text):

Mr. E. D. Fulton (Kamloops): Mr. Speaker, it seems to me that if there is one thing that the budget and the proposals for raising additional taxes which have been laid before the house by the Minister of Finance (Mr. Abbott) revealed, and if there is one thing above all others which the reaction to the budget throughout the country revealed, it is the necessity at which we have arrived in this country of making a real and genuine effort to reduce non-essential government expenditures.

I am not one who lacks confidence in the Canadian economy, or confidence in the willingness of the Canadian people, and their ability to bear any proper load which may be placed upon them; but I say we have reached the point when the interests of the Canadian people and the welfare of the Canadian economy demand that, at a time when they are being asked—and properly—to bear the heavy load of defence expenditures, they should be relieved of the load of unnecessary and extravagant governmental waste.

It is true, with respect to the increases in taxes the Minister of Finance has outlined in his budget, and it is true with respect to the extra revenues the minister says he has to raise, that we have inflation, which of itself produces or, in the past, has had the effect of producing about twice the surplus for which the minister has budgeted over the years—and will probably do the same again this year. But that very inflation and the increased cost of living which it imposes upon the Canadian people make it essential that we reduce our expenditures so that those taxes which bear on the cost of living and which, in fact, increase the cost of living, will not be necessarily increased simply as the result of spending such as we find taking place at the present time in many fields, if we examine the details of the estimates for this year.

The burden of defence preparedness is another factor which makes it so much more essential even than it was in the past that we should reduce unessential expenditures. After all, last year the Minister of Finance told us in his budget speech of March 28 that we had at that time reached the limit of buoyant revenues, reached the point beyond which any increased expenditure would have to be provided for out of increased taxation.

That being the case, then how much more essential it becomes, when we are faced with a burden over the next few years of several billions of dollars of increased expenditures, that we should search for and find and insist upon the reduction of non-essential expenditures. The parliamentary assistant emphasized this point in his speech this afternoon. He emphasized the point made on March 28 last year by the Minister of Finance when, as reported at page 1216 of *Hansard*, he said:

> The conclusion then which I reach is that no minister of finance in the foreseeable future will have an easier task than I have, namely, that of covering about $2,400 million of expenditure.

In other words he was saying there that it is not foreseeable that in future years we will have a level of expenditure below $2,400 million. Mr. Speaker, $2,400 million is what the government was asking a nation of from 12 to 14 millions of people to undertake, apart altogether from defence expenditures, as the level of spending of the federal government alone.

This leads me to the point where I think we should accept the challenge which was issued in the past by the Minister of Finance and repeated this afternoon by the parliamentary assistant to suggest some positive way in which the government could make economies. I find it interesting to note that for the second time in this session the parliamentary assistant to the Minister of Finance (Mr. Sinclair) appears to be more concerned with showing how difficult it is to reduce expenditures and spends far more time pointing out why we cannot reduce expenditures than he spends in really trying to find out how we can reduce expenditures. Again I suggest that if he would bend the same energies to finding possible economies as he does to justifying the extravagance of the government we might hope for a more equitable burden of taxation on the Canadian people.

Since it is close to eleven o'clock and I intend to discuss some details in this connection I should like to move the adjournment of the debate.

Motion agreed to and debate adjourned.

BUSINESS OF THE HOUSE

Mr. Fournier (Hull): The hon. member for Kamloops (Mr. Fulton) will continue this debate tomorrow.

On motion of Mr. Fournier (Hull) the house adjourned at 10.55 p.m.

HOUSE OF COMMONS

Tuesday, April 24, 1951

The house met at three o'clock.

PRIVILEGE

CANADA CEMENT PLANT AT HAVELOCK, N.B.—REFERENCE TO REMARKS IN DEBATE ON APRIL 23

Mr. E. W. George (Westmorland): Mr. Speaker, I rise on a question of privilege. The hon. member for Royal (Mr. Brooks) is recorded on page 2273 of *Hansard* as having said:

> Only last year it was decided to build a cement factory in my constituency of Royal, at a place called Havelock, with the result that today the Canada Cement Company is building a plant there.

I am sure the hon. member wants to keep the record straight. It is quite true that the town of Havelock is in the constituency of Royal, but the Canada Cement plant is being built in my riding, which is the constituency of Westmorland.

Mr. Brooks: I would point out, Mr. Speaker, it is on the border of the constituency of Royal and the constituency of Westmorland.

NATIONAL DEFENCE

RECRUITING OF WOMEN FOR REGULAR AND RESERVE FORCES

On the orders of the day:

Mr. Clarence Gillis (Cape Breton South): I should like to direct a question to the Minister of National Defence. Has the minister's attention been called to a press dispatch carried in the Montreal *Gazette* this morning to the effect that his department intends to organize a women's division in the R.C.A.F.? If that is correct, will the minister indicate why these announcements are not made to the house rather than to the press?

Hon. Brooke Claxton (Minister of National Defence): Mr. Speaker, the answer to the first question, as to whether my attention has been called to this press dispatch, is yes. The answer to the second question, as to whether it is in accordance with the intention of the department, it is partly so, and I shall explain that in a moment. The third question was: Why are these announcements not made to the House of Commons rather than through press statements? Whenever it is possible they are made to the House of Commons. There was no announcement made through any press statement, but there was some intelligent speculation on the part of the press, based on an article in an R.C.A.F. publication, which was prepared even before the decision had been made to have some women in the armed forces.

My intention was to make a statement about this when the defence estimates came up for consideration. Hon. members will recall that the Prime Minister suggested on April 11 that this might take place on April 12, very nearly two weeks ago. I was prepared to make a statement on this subject at that time which would have prevented the intelligent anticipation of this by the press. Since the question has been asked, perhaps I might be permitted to make that statement now, because it is a matter of widespread interest. This is what I had intended to say on April 12:

Experience in the last war demonstrated that there were a number of jobs in the armed forces which could be filled very satisfactorily by women, but it was recognized that there were disadvantages connected with their employment in peacetime in relatively small armed forces. For one thing the career opportunities were not likely to be great enough to attract women having the necessary qualities of leadership to meet a large increase in the event of war.

For this reason following the conclusion of hostilities the women's corps in the Canadian navy, army and air force were not set up as part of the new peacetime forces.

But now, with the expansion of our armed forces, there is a real need for a limited number of women to carry out duties for which they are specially fitted.

In all three services there are a number of such duties which experience has shown can be done as well or better by women than by men. Clerks and stenographers are obvious illustrations. There is also a whole new group of occupations related to radar and communications. Ground control of ships or aircraft or anti-aircraft guns requiring the use of radar involves, in addition to the operators themselves, personnel to compute the course of the moving ships or aircraft. Moreover, today practically all non-operational telecommunications are carried on by teletype. Active and reserve units are hooked up in nation-wide networks involving the employment of large numbers

of skilled personnel. A large part of this work can be very well done by women.

Further, in the event of a general war, manpower shortages would make it essential to employ women on an even larger range of duties in the armed forces for which it would be desirable now to have a relatively small nucleus.

Accordingly, we have decided to recruit a limited number of women for the regular air force and for the reserve forces of the navy, army and air force.

It is not expected that there will be separate corps or establishments for women at the outset. In a unit or formation they will fill a place normally filled by a man.

No women will be enlisted to do clerical work at headquarters. So far as possible we will continue to have this work done by civilians.

It is expected that recruiting will commence this summer.

RAILWAY ACT

INQUIRY AS TO INTRODUCTION OF AMENDMENTS —FREIGHT RATES

On the orders of the day:

Mr. H. R. Argue (Assiniboia): I should like to direct a question to the Minister of Transport, arising out of a Canadian Press dispatch in this morning's *Gazette* to the effect that the railways have applied for a further fourteen or fifteen per cent increase in freight rates. Can the minister indicate whether the proposed amendments to the Railway Act will be introduced during the present session, or in any event before the board of transport commissioners disposes of the new application of the railways for a further increase in freight rates?

Hon. Lionel Chevrier (Minister of Transport): The hon. member was good enough to send me notice of his question, but I received it just as I was coming into the house. The committee in the Department of Transport that is dealing with the amendments to the Railway Act has not yet completed its studies; therefore the government has not had an opportunity to deal with the draft legislation. I hope, however, that it will be possible to introduce the amendments during this session.

CATTLE

COMPENSATION FOR T.B. REACTORS

On the orders of the day:

Mr. L. E. Cardiff (Huron North): I should like to ask the Minister of Agriculture a question with regard to the cattle in my district that have reacted to the tuberculin test. The farmers have not yet been paid for the animals that have been condemned. It is now six months or more since the test was made. Many of the farmers had to replace the cattle and borrow the money to do it. Why has this money not been available?

Right Hon. J. G. Gardiner (Minister of Agriculture): I shall get the information necessary to answer the question, and will give the answer tomorrow or the next day.

OLD AGE PENSIONS

INQUIRY AS TO INTRODUCTION OF LEGISLATION AT PRESENT SESSION

On the orders of the day:

Mr. Stanley Knowles (Winnipeg North Centre): I wish to direct a question to the Minister of National Health and Welfare. Was the minister correctly quoted in a Canadian Press dispatch which appeared over the week end reporting him as expressing the hope that old age pensions would be dealt with at this session? Does that hope include legislation implementing the recommendations of last year's committee on old age security as well as any amendment to the constitution?

Hon. Paul Martin (Minister of National Health and Welfare): I can add nothing to what was said by the Prime Minister on February 5, during this session.

Mr. Knowles: In view of that answer, Mr. Speaker, may I direct a supplementary question to the Prime Minister? His answer to me on February 5 I well remember. Will the Prime Minister clarify for the house the statement he is reported to have made in Montreal over the week end? May I be permitted to put my question in this specific form: Did the Prime Minister's reported reference to the need of going slowly with regard to social security measures have any bearing on the plan recommended last year concerning which there has been some discussion at this session?

Right Hon. L. S. St. Laurent (Prime Minister): None whatsoever, Mr. Speaker.

Mr. Knowles: Good.

PASSPORTS

REGULATIONS TO PREVENT ISSUANCE TO OTHER THAN CANADIANS

On the orders of the day:

Mrs. Ellen L. Fairclough (Hamilton West): In the absence of the Secretary of State for External Affairs, I should like to direct a question to the Prime Minister, in view of the announcement made on the radio today and in the morning paper with reference to

statements of Benjamin Gitlow in the United States un-American activities probe. I wonder if the Prime Minister would give assurance that conditions which prevailed a few years ago, and which permitted Gitlow to procure a Canadian passport, although he was a United States citizen, do not now exist, and that such a thing could not now happen? Is there sufficient surveillance of applicants for passports so that this situation could not recur?

Right Hon. L. S. St. Laurent (Prime Minister): I do not know just what may have happened a few years ago but I know that for the last four or five years close attention has been given to tightening up the regulations with respect to the issuing of passports. I would hope that we have now closed all the loopholes that were discovered in the regulations which were in effect some years ago. I think that we now have pretty strict control, and the general indication is that in any case of doubt about an application the Secretary of State for External Affairs himself should be consulted.

CHINA

ARREST OF MISSIONARY SISTERS BY CHINESE COMMUNISTS

On the orders of the day:

Mr. Jean Lesage (Parliamentary Assistant to the Secretary of State for External Affairs): On Friday last the hon. member for Kamloops (Mr. Fulton) asked me if the department was in possession of any information on the reported arrest early last week of further Canadian missionary sisters. I have made thorough inquiries, and find that there is no information to that effect.

THE BUDGET

ANNUAL FINANCIAL STATEMENT OF THE MINISTER OF FINANCE

The house resumed, from Monday, April 23, consideration of the motion of Hon. Douglas Abbott (Minister of Finance) that Mr. Speaker do now leave the chair for the house to go into committee of ways and means, and the amendment thereto of Mr. Macdonnell (Greenwood), and the amendment to the amendment of Mr. Coldwell.

Mr. E. D. Fulton (Kamloops): Mr. Speaker, in dealing with this budget and the amendments to the motion now before us, I am sure that all members of the house—and I am confident I speak at least for all members of the official opposition—adopt as their basic approach to this problem the theme that essential expenditures must be met out of current revenues, which means by current taxes, and that therefore if high taxes are necessary, they must be imposed and will be borne by the Canadian people; but that when we are pressed as we are now—at least with respect to those in the lower income groups—to a point close to the limit of the load we can bear, then we must choose between luxuries and extravagance in government spending or higher taxes. In other words, as to those expenditures that can be eliminated, even though we might in normal times like to have them made, if they can be eliminated without interfering with essential services or construction programs, they must go.

In the light of that main theme, I find two main criticisms of this present budget. The first is that to increase taxes to the extent to which they have been imposed in the budget is unnecessary. It is unnecessary to increase taxes to this point; because the government has failed miserably in attacking this problem of reducing non-essential expenditures with any attitude of determination, and has failed almost completely, having regard to results, with respect to the elimination of unnecessary, unproductive and wasteful expenditures. The result has been that when we continue these expenditures at the present level and are faced with the necessity of increasing expenditures for defence preparedness, taxes are unnecessarily high. The second criticism of the budget is that the tax increases that have been provided are in large part inflationary.

Turning to the first head of this criticism in some detail, I would start with a question: How can this government, and the Minister of Finance (Mr. Abbott), who so readily asks the people of Canada to cut down on their luxuries and on their luxury spending—even taxes the people on what they spend on necessities through sales and excise taxes—how can they have the effrontery to continue at the present level their own enormous expenditures on luxuries and non-essentials? Let us look at some of the totals of government spending.

These totals that I shall give are all exclusive of figures for national defence and defence production. The tables are taken from the table which the Minister of Finance included as a supplement to the estimates which he brought down this year. We find that, leaving out civil salaries and wages and civilian allowances, and excluding national defence and defence production—the figures are taken to the nearest hundred thousand dollars—we have the following totals: Professional and special services for this year, $36,000,000 as against $24 million last year; travel and transportation, $13,900,000, an increase from $13,800,000; freight, express,

etc., $2,300,000 as against $2,100,000; telephones, telegraphs, etc., $4,800,000, an increase from $4,600,000; printing of reports and publications, $3,900,000 as against $4 million; films, displays, advertising, broadcasting, etc., $4,800,000 as against $5 million; office furnishings, stationery and supplies, $11,200,000 as against $11,500,000; materials and supplies, and this is excluding land and buildings —apparently it is office materials and supplies —$39,400,000 as against $37,600,000, and for postage, $3 million in each year. The total, Mr. Speaker, is $109,900,000 for 1951-52 as against $105,600,000 for the last year. Therefore under nine headings alone we have an increase of $4,300,000 this year as against the estimates for a year ago. We are certainly not doing very well in our economy drive, about which the Minister of Finance has said so much.

I challenge anyone, Mr. Speaker, to show that these items that I have listed are all essential. I challenge anyone to maintain that we need the present level of spending on such items as special and professional services, travelling expenses, office equipment, advertising, publicity and displays. These are luxuries, a good part of which at least could be eliminated. I suggest very strenuously again that when the people are required to reduce their level of spending on what the government calls luxuries, although in many instances necessities are taxed—when people are being required to do that, then government as the first measure must reduce its own spending on these luxury items.

But speaking of challenges—and I said I challenge anyone to show that we need the present level of spending on these headings—I should like to refer to a challenge issued by the Minister of Finance last year in his speech on April 28, 1950. When he was closing the budget debate of that year the Minister of Finance used these words, as found on page 1991 of *Hansard* for that day. He was referring to the letter that the leader of the opposition (Mr. Drew) had written to him suggesting the setting up of a commission to examine government expenditures in Canada and to suggest ways and means of eliminating waste and duplication. The Minister of Finance said:

> In his letter my hon. friend has suggested that there exists in the government service waste, extravagance, duplication of services and the like. I categorically challenge that statement; I categorically deny it. In my judgment there is no duplication, waste and extravagance.

Yet the minister in his budget speech this year, and in his baby budget speech last fall, boasted of saving. He says that he has saved $35 million this year. Well, Mr. Speaker, the question then is, if there was no waste, extravagance or unnecessary spending, how is he able to save any money at all? The minister has said that these savings which he is making are being made without interfering with efficiency and without impairing any necessary program. He says that he has made some savings, in spite of the previous denial that there was any room for saving, but he has saved only a fraction of what he could save, and his total saving amounts to 1.8 per cent of the ordinary expenditures of the government—that is, apart from defence and defence production—or, as was pointed out earlier by the hon. member for Lake Centre (Mr. Diefenbaker), it amounts to 1⅝ cents on every dollar that we spend, apart from what we spend on defence.

The parliamentary assistant has repeated the challenge of the Minister of Finance. He repeated it in his speech yesterday, and I am reading now from page 2279 of *Hansard*:

> Early this session I made quite a long speech on this subject.

It is a pity that the results in measures of economy did not equal the length of the parliamentary assistant's speech. He went on to say:

> In this house I repeated the challenge to him. I asked for the co-operation of every member of the house in indicating where the savings were to be made . . .

I am glad to take up the challenge of the Minister of Finance and of the parliamentary assistant to suggest concrete savings, although I think we should point out that apparently the parliamentary assistant has not been as observant as he should be, because concrete suggestions have been made in the past. I can only assume that they have been ignored both by the minister and by his assistant.

Mr. Sinclair: Such as?

Mr. Fulton: Oh, I will come to them later. The parliamentary assistant knows them already, but I will come to them again for him in a little while. Just before doing so I should like to deal with another statement made by the parliamentary assistant in the course of his speech yesterday. He referred to a technique which he described as the technique of the big lie. I am using his words, Mr. Speaker; they are not mine. His words are to be found at page 2281 of *Hansard*. He suggested that in maintaining that the government is wasteful and extravagant in its spending habits the official opposition was adopting this technique which he so described, and he criticized us for what he alleged to be a failure to be specific. He repeated the unfounded and unjustified statement that no specific suggestions for savings have been made. All this, he said, amounts to the

technique which he described—with an apparently intimate knowledge of how it works—namely the technique of the big lie.

Mr. Sinclair: I have listened to it so often.

Mr. Fulton: Well, you may have listened to it, but you practised it on this occasion rather successfully.

Mr. Riley: Don't be too hard on him.

Mr. Fulton: I refute absolutely the statements made by the parliamentary assistant so far as his criticisms of the official opposition are concerned. I say—and I will show—that none of his statements is borne out by an examination of the facts. So that in making his false and misleading assertions he has shown himself a master of the technique he was discussing, namely, the technique of the big lie.

If one analyses the facts one will find they show that we are not the only ones who are saying the government is extravagant and wasteful, although yesterday the parliamentary assistant sought to create the impression that everyone else in Canada is satisfied that the government is exercising the maximum economy, and that only the Progressive Conservative party accuses it of being extravagant. We are not the only ones who say the government has failed to reduce expenditures where they could be reduced. I refer to an editorial in one of the leading papers of this country, which has something to say on the point. Referring to the present level of non-essential or non-defence spending, it says:

> There will be distinct gain if, in paying the taxes, the public realizes how essential it is that the government should cut down on non-defence spending. Mr. Abbott had a great deal to say about economy, but the government's achievement here was only $35 million out of $2,036 million, virtually total failure.

Then it goes on to say:

> The choice is between necessary defence expenditures and an unnecessarily high level of non-defence spending—between the "pursuit of peace" and skyrocketing prices.

That is an editorial which appeared in the Winnipeg *Free Press* of April 2, 1951,—a paper outstanding in its support for the government over the years—commenting on the budget and estimates for this year. So that the official opposition is not the only one that has been making this type of statement.

Secondly, examination of the facts shows that we have been specific in suggesting places where unnecessary expenditures might be eliminated. That was done last year. I myself did it in the course of the budget debate. It was done also in connection with the estimates last year, when we moved a reduction in the amount of an item. Hon. members will recall what happened on that occasion, how it was shown quite clearly that the government is not really interested in making a serious study to see whether or not expenses can be reduced. When we did move such a reduction, the impossibility of effecting savings by that method was demonstrated when the government called in all its members, put the issue to a vote as a matter of want of confidence, and defeated the attempt to reduce the expenditure on the basis of a want of confidence motion.

If the parliamentary assistant will examine the facts, and if he will be fair and honest in the matter, he will realize there have been several occasions—many occasions—when specific reductions have been suggested, but have been ignored or defeated by the government.

Thirdly, an examination of the facts will show that the parliamentary assistant is himself a past-master at the technique to which he referred; and so, incidentally, perhaps by association, is the Minister of Finance (Mr. Abbott), in their habit of making, and repeating without foundation, the assertion that no reduction in expenditures can be made. That assertion was made by the minister on a couple of occasions at least last year, both in the spring and in the fall session; and the whole tenor of the speech yesterday by his parliamentary assistant was to the same effect, that the government is not guilty in any degree of extravagant waste or unnecessary expenditure and that the people of Canada know this fact.

But those statements are without foundation. If we look at some of the examples of government spending we can readily see places where savings can be made. First let us look at some of the increases in government expenditures and government service over the years. I have taken some of these figures from a book by Mr. Taylor Cole, in which appears a study he made and published in 1949 under the title "The Canadian Bureaucracy". In this instance, incidentally, the word "bureaucracy" is used in a non-derogatory sense, and simply as a descriptive word for the whole civil service and public employment set-up in the Dominion of Canada. It is a most impartial and excellent study, and one which contains a good deal of interesting and valuable information. When one compares the figures in Mr. Cole's book as to the number of employees in the government service on the various dates he mentions, with the figures for today, it is easy to see to what an unnecessary extent the government service has been expanded.

Let us look at the figures for some of the larger departments. These figures show that the Post Office Department in 1946 had 15,256 employees, whereas, according to the estimates for this year, it now has 17,877. I wonder what tremendously increased services are being given by the Post Office Department to justify this increase in staff of over 2,500 in about four years. Then we see that while in 1946 the Department of Veterans Affairs was able to render a satisfactory service with 12,830 employees, in 1951, when one would have thought the rehabilitation program and the settlement of veterans would be well under way and operating smoothly, the department has a staff of 14,295, or an increase of over 1,400.

The Department of Transport in 1943 was able to get along with 6,273 employees—and that, I would point out was at the peak of the war, when vast quantities of supplies, men and munitions were being moved as part of Canada's war effort. Yet in 1951-52 the estimates for that department show that they require a staff of 10,586, or an increase of more than 4,000 over the number they had in the war years.

In 1939, the latest figure given in Mr. Cole's book for this department, the Department of National Revenue operated with 4,415 men. We certainly realize that the government is collecting much more by way of taxation now than it was in 1939, but I do not see that the personnel of that department need have been expanded to the point where it now numbers 14,024. In other words the Department of National Revenue now has a staff more than three times as large as it did in 1939.

Let us look at the unemployment insurance commission, which carries 7,008 employees to administer the unemployment insurance fund. The administrative costs of the unemployment insurance commission for this year alone amount to $23,700,000. That is a most interesting figure. An examination of the estimates shows that the government's contribution for this year to the unemployment insurance fund is $27,500,000. The administrative costs, as I have said, are $23,700,000. These figures show that it is costing us practically as much to administer the fund this year as the government is contributing to the fund. It appears therefore that it requires a staff of 7,000 to look after the approximately 200,000 unemployed at the present time. In other words there is one on the staff for each 35 unemployed persons, and the cost of administration almost equals the annual contribution made by the government. I suggest that not only is that totally unwarranted, but there is very grave danger to the unemployment insurance fund if these high administrative costs continue at their present level.

To turn to a second phase of unnecessary government spending, one should compare the increases in the estimates this year with last year's level of expenditures. Take civil salaries and wages—again these are exclusive of defence and defence production; here we have an increase of $19,500,000. It must be observed in all fairness that there has been a substantial increase this year in the level of wages.

Mr. Sinclair: Ten per cent.

Mr. Fulton: The parliamentary assistant points out that it is ten per cent. I will not make a criticism of that increase, therefore, but simply place it on the record. Then we take civilian allowances, which show an increase this year over last year of $400,000. Professional salaries and special services, about which I shall have something to say a little later, show an increase this year of $2,600,000. Travelling expenses, exclusive of defence and defence production, show an increase of $144,000; freight, express and cartage, an increase of $220,000; telephones, telegrams, etc., $225,000; materials and supplies, $1,800,000.

Looking at those increases alone, we must note that they are increases in ordinary expenditures quite apart from defence and defence production in a year of great stress, and it is surely obvious that a general examination suggests that there is room for economy. Look at some of the specific items which indicate unnecessary expenditure. Let us take the national film board, which shows an amount this year of $2,602,000. Before I proceed I am going to suggest that it is not the primary responsibility of the opposition to do a job which is actually the government's job, that is, to go through the various heads of government expenditure and suggest where reductions can be made; however, the government having thrown out this general and rather meaningless challenge, and the government having failed to make any determined or successful effort to reduce unnecessary and wasteful expenditure, I accept the challenge. It is a pity that it should be left to the opposition to do the government's job, but that being the state of affairs imposed upon us and upon the country by the government, I think the opposition would be failing in its duty to the country if it did not accept the challenge and try to do for the people

the job which the government should be doing for them.

Mr. Sinclair: It was not a challenge; it was a request for co-operation.

Mr. Fulton: It may be said of the items which I am going to mention that they are desirable heads of expenditure; and if we had lots of money, if we could afford them, if taxes were low, then it is true we might be able to indulge in some of these expenditures without objection. But when we have reached the point where we are now, with inflation and with the cost of living crushing people in the lower income groups, I suggest that the government must decide whether we are going to have savings on these items or are going to continue this unproductive, extravagant and wasteful level of present expenditure.

The national film board is a very nice thing to have around if you have lots of money. If we reduce it by half, we would save $1,301,000. Take all other government publicity and we find that if we can reduce the present rate of expenditures by only half we will save a further $3,054,000. Take the matter of printing departmental reports and other publications, another branch of publicity; if we reduced that by half we would save $3,058,000. Take the matter of office stationery and furnishings. Surely to goodness we must be fairly well along the road to completely equipping the government offices we have at the present time. But if we reduced this by only one-third of the amount the government proposes to spend this year we would save $5,853,000.

Take travelling and removal expenditure, amounting to over $36 million. The Department of National Defence shows a considerable increase under this item, but that does not account by any means for the total. If we saved only one-third it would amount to $12,103,000. Take materials and supplies—and here I exclude defence and defence production. Some materials and supplies are necessary; but do we need the elaborate and expensive and continuous and uncontrolled level of expenditure there is on this type of equipment? If we could save only one-sixth of what we are being asked to spend on materials and supplies, again excluding defence and defence production, we would save $6,556,000.

Next is professional and special services, which covers the payments made to special professional and technical employees outside the civil service. If we were to save one-third of this item it would amount to $12 million. The total savings by the modest reductions suggested under all these items would amount to $45 million in a year's operations.

If you look at the table which the Minister of Finance has included with this year's estimates you will find that ordinary expenditures, excluding defence and defence production, show increases in twelve categories as against decreases in only ten. If you include defence and defence production you will find there are increases in nineteen categories as against decreases in only three. That certainly does not suggest any very determined economy drive.

Going back to some of the specific items I have mentioned, in case it may be said that it is all very well to take a general list and indicate what might be saved, I intend to look at these in some detail. Take the matter of government publicity. The parliamentary assistant says that we speak about this in general and are not apt to go into detail. I suggest that the purpose of government publicity, if it has any purpose, is to sell legislation, to sell democracy by showing what democracy does, to publicize what parliament does in the legislation which it passes. Its purpose is not to sell ministers and Liberal policies. But that undoubtedly is one of the main tasks of the government publicity bureaux as they are set up in the different departments at the present time.

I repeat that the only justifiable purpose of government publicity is to sell parliament, legislation and democracy; it should not be used to help ministers vie with one another. That being so, the proper way to handle this would be as we handle other government services, by setting up one publicity bureau to centralize and control this work and the expenditures on it. Specific suggestions to this effect have been made on at least two previous occasions. I challenge the parliamentary assistant, the Minister of Finance or anyone else to show that if you did that and gave that bureau just half the present over-all total for government publicity you would not get a much better and more efficient job.

It is perfectly true that this might hurt some of the advertising firms which get the money now, and then take over the election campaign publicity for the Liberal party when the elections come round; but it would not hurt anybody else. It would provide legitimate government publicity, which is the only type of publicity on which public money should be spent. If further evidence is needed that government publicity has got out of all bounds, I would refer to

a Canadian Press dispatch which appeared in the Ottawa *Journal* of April 21 and which reads:

> Publishers of 86 Canadian daily newspapers expressed concern over the growing volume of publicity releases from federal government departments.
>
> Handling of these releases was criticized in resolutions adopted unanimously yesterday at the concluding session of the Canadian Daily Newspapers Association annual meeting.

The reason for this unsatisfactory situation, Mr. Speaker, is that these publicity bureaux in the departments appear to be vying with each other to see if they can build up their minister as the next leader of the Liberal party.

Take the question of professional and special services. Without defence and defence production the estimates this year call for an expenditure of $26,676,000, an increase of $2 million over last year. With defence and defence production they call for a total expenditure of $35 million. Why, one may ask, is this huge amount being spent on professional and special services, paid to people outside the civil service when there are approximately 150,000 civil servants available to the government, 150,000 men and women many of whom are highly paid, and the vast majority of whom are extremely able and capable? Why then must we spend $35 million outside the civil service on professional and special services?

I suggest it is because it affords a very ready and pleasant medium of payment, outside the control of the civil service, to friends of the government. After all, we have had some examples of that. The parliamentary assistant yesterday brought into the debate the name of a gentleman who is at the present time a member of the house when he referred to the present Liberal leader for Ontario and said that he was the man upon whom they relied to flatten the present premier of Ontario.

Mr. Sinclair: Hear, hear.

An hon. Member: What a hope!

Mr. Fulton: Of course, Mr. Speaker, I must say that in the matter of placing that hon. gentleman in a financial position to help him in this job, this government appear to have done the best they possibly could. You will remember that, as revealed in a return made to this house, that hon. member before he was a member of the house received for professional and special services the sum of $172,000 for legal work which he had done for the Department of Veterans Affairs.

An hon. Member: In one year.

Mr. Sinclair: Oh, no; not in one year.

[Mr. Fulton.]

Mr. Fulton: In one year and three months. The parliamentary assistant certainly must admit that they made a very good beginning for the hon. gentleman, so far as the financial aspect of the picture is concerned, by that payment for "professional services".

Mr. Speaker: Order. The hon. member's time has expired.

Mr. Knowles: Proceed.

Some hon. Members: No.

Mr. Fulton: Mr. Speaker, I feel what I have said has been enough to satisfy any reasonable member that there are very many headings indeed under which government expenditure can be reduced, and many openings of which, if the government is determined and sincere in this matter, they can take advantage to reduce considerably the level of unessential expenditure and thus bring about a considerable and welcome relief from the burden on the taxpayers of this country.

Mr. Alan Macnaughton (Mount Royal): Mr. Speaker, if the times we live in were different, if there was not such a sense of urgency in the air, I would have asked the indulgence of the house while I spoke of the local problems and hopes of my own people, the 55,000 voters who make up the constituency of Montreal Mount Royal. But I know that I speak for my constituents when I say that this is a time for concentration on the broader and more urgent issues which now confront this nation and the world—rather than to dwell on the particular needs of any one local constituency.

My people are aware of what confronts them on the world scene. They are alert. They want to know about many things—the Atlantic pact, the cost of living, our defence program, our foreign commitments and how much they cost, the reasons for higher taxation. They want to know what they get in return for the moral and financial support they give to the system of government under which we all operate, and which costs like blazes in men, in materials and in money. I have tried to answer these questions, and in trying I have found a certain failure on the part of those of us in Ottawa to communicate fully the facts about where we are leading Canadians; about what we are trying to do, to safeguard their interests and to assure them reasonable security for the future, continued prosperity, and freedom.

I venture to embark on such considerations, as a new member representing a new constituency, a constituency which is so representative of all that is Canada today. Election to this house has placed me in the position

of representing a complete Canada in miniature, a nation in itself, with 55,000 voters in twelve municipal districts, and with population ratios very similar to those of Canada as a whole. All income and social groups are represented in much the same proportions as you will find in the national scene. Mount Royal's minorities include Canadians of all racial origins, with all their individual idiosyncrasies. There are the sedate and wealthy residents of the towns of Montreal West, Hampstead and Mount Royal; up and coming St. Laurent with the largest housing development in the British commonwealth,—Norgate; St. Laurent, where two main language groups work side by side vying with each other in their efforts to create a progressive modern community. At other points in the riding you will find residential areas occupied by industrial workers and certain lower income groups.

When I look at the march of industry into Montreal Mount Royal, I sometimes wonder what the good brothers of the oratory of St. Joseph, that shrine perched on the mountainside, what they must think as they gaze over the vast area below. Here a few short years ago they looked upon green fields as far as the eye could see. Now all is vast housing projects, sprawling busy factories, swarming thoroughfares, whole new industries such as aviation, including Canadair, chemical research, foundries, printers, manufacturers, —nine great hospitals, several famous colleges, a myriad of churches and synagogues. Anyone driving through the riding of Mount Royal cannot miss the feeling of urgency, of progress, of modern Canada that underlies this thriving busy expanding segment of our national economy, my constituency.

(Translation):

When speaking of my constituency, it is only fitting that I should take advantage of this first opportunity to thank, in their own language, my 18,000 French-speaking electors for the trust they have placed in me.

I assure them of my entire devotion to their interests.

(Text):

In a battle of ideas such as presently engages mankind, a battle for men's minds in effect, the winner will be he who has the best ideas provided he gets his ideas across best, too. In other words, provided he can communicate his ideas to the people. It is essential, tremendously essential, that our leaders do not withdraw, do not separate themselves from the people. Rather, they must make extraordinary efforts to explain the why and the wherefore of their actions and policies. They must communicate with the people. Can we honestly say that we are winning the war of ideas? Are we concentrating enough upon communicating our concepts, our needs, our urgencies to those who look to us for leadership? My experience is that we are not.

Since the beginning of this session the government, with very commendable speed and refreshing frankness, has presented policies of great importance to this house. The thorny "manpower problem" was raised and answered with the greatest honesty by the Prime Minister (Mr. St. Laurent). A detailed report on "foreign affairs" was made by the minister in charge. An expensive but integrated plan for "national defence" was presented and "stand-by emergency powers" enacted. The creation of a department of "defence production" is now a fact. It is ready to carry out the strengthening and expansion of a whole range of activities that support the defence effort. For unmobilized resources, however vast they may be, do not win wars. And now, the "budget." There is no doubt that the plans and policies of the government have been carefully thought out and carefully presented to this house.

But do the Canadian people understand and appreciate fully the reasons for these great plans—these plans which will almost certainly bring about economic, political and social changes in our normal way of life; these plans which may stay with us for years to come? Is the government doing enough to communicate the purpose and ideas behind the plans of these top-level decisions? While the country is aware in general terms that the world situation is very bad indeed, people do not know in detail what their own part should be. They have just been told firmly what they must do without, but they still, I submit with due respect, do not know in detail why.

Are we sufficiently informed as to the scope and limits of state planning? It is not enough to talk about emergencies without explaining them fully to the people. The question of communication is vitally important, because without public support for government policies the best-laid plans will fail. The Canadian people are not sufficiently informed of the intentions behind each aspect of government policy. Owing to this lack of general understanding, a whole series of questions is being asked throughout the country. The very variety of those questions points to the fact that the people do not see the end objectives of all this planning and regulation.

Many are disturbed in the first place, thinking that only lip service is given to responsible government. Some have even gone so far as to call it caucus or cabinet government. What guarantee is there that these emergency powers will not continue indefinitely? What of this creeping inflation which seems to be spreading, reducing the

value of the dollar, slashing the value of accumulated savings, eating up the value of investments and discouraging personal savings and thrift? What of the mounting high cost of living, and the misery and hardship that result as a consequence? What of price control? What of the social services, old age pensions and security generally? What of the forty-plus age group, and those of sixty and over? What about the rights of labour under the new defence productive effort, and for that matter the rights of capital? Are the legitimate returns from efficient management and the investment of capital, which are so much needed for the expansion of our industry and development of our resources, to be denied? Surely we are now agreed that an excess profits tax, to quote the words of the Minister of Finance "blunts the edge of efficiency and invites waste."

What we are looking for is a way to tax excessive profits. But this whole matter has become so involved in misinformation it is almost an "excess-politics tax". What is to be the plight of that body of hardworking, intelligent, honest and generally thrifty people, caught between organized labour on one side and organized capital on the other side, and battered generally by a rising cost of living? Have we nothing to say to them? Have we no surcease to offer?

All of us in this House of Commons know that considerable thought is given to these problems. We know some of the answers. We know that a federal old age pension security scheme has been offered to the provinces, and is now under consideration by them. We know that the problem of small businessmen and the question of how small industry can be integrated in the over-all defence effort is receiving close attention. We know that procedure, looking to the channelling of defence production information to potential subcontractors, is being set up, and that the proper allocation of materials and military orders is being studied. We know that in the face of national danger the Canadian way is to gather round the government table and pool our ideas, resources and energies.

But do the people know this? Controls which are arbitrarily imposed and seem unreasonable meet public apathy and evasion. But if they are explained I submit the people will accept them with good grace. Even more, if Canadians are informed of the necessary objectives, they will themselves find ways in which to aid the government, and their initiative will often lead them to the objective faster than regulation can do it. This, then, is a plea for interpretation.

[Mr. Macnaughton.]

There is certainly one aspect of our national scene which, more than any other, needs interpretation at this moment. I refer to the high cost of living. It touches everyone. It concerns the people more than anything else. We are encountering a dangerous cycle of rising costs and rising prices. The housewife, who today has to spend 170 cents for what cost her 100 cents a few years ago, is obsessed with the difficulty of making ends meet on the average wage earner's income. One of the first things this government, and this whole parliament, might do is address itself to the defence of the buying power of the wage earner's dollar. Perhaps it is an exaggeration, but most of us will agree that we feel a fair wage today is twice what we are getting, and a fair price is half what we want to pay. Right or wrong, that is the way we secretly feel—that is all of us who have not the true facts by which to judge.

We know that taxes must be levied to maintain responsible government, and that taxes inevitably become interwoven in the price system. Possibly there is in the field of price determination some room for wider examination. The mark-up on sheer physical cost is one thing, but the mark-up on taxes included in the price structure savours of pyramiding and hence gouging the public. Thus, for example, if a new tax on a unit is one dollar, and if the mark-up on that dollar is another 35 cents, it savours of profiteering, pure and simple. I do not complain about the physical costs entering into an article, but I do think the government should step into the mark-up field and insist on fair play for producer and consumer.

We are all anxious to end this rising tide of prices, and it is the duty of the government to take whatever reasonable measures it can in an attempt to stabilize prices. It seems to me that, as a result of the Korean war, many prices have been deliberately increased in expectation of ultimate price control. This effort to establish a high price level is, to a considerable degree, responsible for rising costs. Unless this sort of thing can be avoided, price control may become a measure of last resort, and we shall bring on ourselves an economic strait-jacket. The Minister of Finance is entitled to our thanks for the sincere attempt which has been made to stop the rising cycle of prices. But if parliament cannot find something effective, then we are in for a great period of unrest.

In an issue as vital as inflation, policy must be right. But before we can halt the apparent deterioration of the purchasing power of the dollar in our pockets, we have to explain why it must be halted. Our failure to do so is perhaps the one really weak link in our

otherwise strong defence chain. I agree wholeheartedly with the remarks of the Minister of Trade and Commerce (Mr. Howe) when he said in this house, as reported at page 1762 of *Hansard* for April 9:

> The greatest contribution any Canadian can make to stop inflation is to avoid panicky buying and to produce as much as possible. All of us should be thinking in terms of working harder; of working longer hours, rather than shorter hours. There is too much of a tendency, it seems to me, for people to look to government for solutions to their problems. Governments can help and should help in dealing with inflation; but consumers, labour unions, farm organizations, and businessmen can do much by their own efforts to reduce the pressures that lead to higher prices.

Even the Montreal *Gazette* of Tuesday, April 17, in its leading editorial under the heading "Home-made Inflation" said in part:

> But it is also true that a high percentage of inflation is home-made, and is very definitely a domestic product.
>
> And it is largely a domestic product because Canadians seem to have made up their minds that they want more leisure for more money. Or if they do work longer hours, they expect a large premium for the effort.
>
> It might seem strange that this young country, reputed to be so full of vigour, should see fit to choose this leisurely way of living, for which so large a price must be paid in the depreciation of money values. But there is a growing favour for the mistaken belief that it is still possible to earn more without producing more.

Farther down the article reads:

> As Mr. Abbott pointed out in his budget address: "If we are to carry greatly increased defence costs without having a definite fall in our standards of consumption . . . we shall all have to work harder and longer."

In plain terms, Mr. Speaker, the national pie is only so big. If one pressure group succeeds in carving out for itself a larger piece than it is entitled to, then the rest of us will suffer. That is what has been happening to us, and the only way for us to get out of the mess is for all of us to concentrate on increasing the size of the pie so that we all get a bigger piece. The need for hard work and the importance of curbing our appetites must be continually reiterated if we are to lick inflation.

When orders such as "credit restrictions" and others of like nature are made, whether as a result of suggestions from the Department of Finance, the Bank of Canada or otherwise, then it becomes the obligation of the government to explain them and to see to it that the explanation is understood, right down to the grass roots of the nation.

Most people are having considerable difficulty in understanding just what credit regulations mean; and I maintain that if the government wants the co-operation of all the sensible Canadians in this country, then they must go out and explain down to the last detail, and give the very good reasons, the high purposes and serious objectives which induced credit restriction.

It is not good enough for some bureaucrat to wave a wand in Ottawa and expect that Miss Millennium will arrive on the next train from Utopia. To succeed, government policy must have the full co-operation of the people; but that co-operation will not be forthcoming until the people fully understand what is the end objective of that policy. In fact, it is the government's duty to the nation to make sure that all policies are fully understood—not only those in such vital issues as inflation, but those in all matters affecting parliament and the public. None of this is to say that the government is not doing a great deal better in this regard than many other governments. Such comments as I have made are in the hope only of further improving our lines of communication.

Today the government not only has the duty of formulating policy and seeing that it is carried out by an efficient bureaucracy, but the results of its own bureaux of research and investigation must also be made public and brought to the attention of the citizens at large. Hence, there is a great need, in fact an obligation, on the part of this or any other Canadian government to supply factual, unbiased and non-partisan information. Anything which lessens the vitality of this essential communication between the people and the government would appear to be opposed to the public interest.

This house will be disposed to give credit where it is due to the ministers for their comprehensive statements on broad policy. Yet if there is still such uneasiness in the country, further remedy must be sought. The place of parliament in the lines of communication between government and country is recognized; and it need not be emphasized here, of all places, that it is in part through hon. members themselves, in their addresses and personal meetings in their constituencies, that government policy reaches the grass roots. Accordingly, we receive a great deal of information; our desks groan under the deluge of reports and schemes. If we had more leisure most of us could boil down the spate of information on government activity and policy and use it to show our constituents just what the policy of the government was intended to be.

But lacking leisure, we need summaries and analyses; we need brief human statements of the intentions behind such and such a measure, couched in terms of the individual; then we in turn can go to our constituents. It is here, I think, that some criticism may be levelled against government

departments, bearing in mind always that the capacity to make a succinct human statement is a gift capriciously bestowed or laboriously learned. It is lucidity we want today, not diffused brilliance. Given the tools of communications, most of us would use them effectively.

Now let us glance at other channels of communication open to the government; and a study should be made of whether they are being enlisted to the best advantage of the nation. As everybody knows, these channels are the daily, the periodical and the weekly press, the radio, eventually television, moving pictures, the advertising industries and also the publishing industry. Who will deny that these avenues for information are the largest and most effective in the country? It is most important that government information should always be available to these great groups.

First, of course, is the press. Here our prime contact is with the press gallery. This house and the gallery are like next door neighbours. We know a great deal about each other, and a common prudence sometimes checks our tongues. It is not very often that we here acknowledge the essential function of the press gallery in our system of government. All in all, the sense of responsibility of gallery correspondents is very high. While they may be hired in a private interest, they traditionally and rightly look upon themselves as servants of the public interest.

Meantime, all is not well so far as the volume of information emanating from Ottawa is concerned. The press relies much upon the big wire services. I am told that Canada's main news services have been forced to make adjustments which appear, at first sight at any rate, to amount to drastic curtailment. Thus, at a time of world crisis, the average Ottawa news coverage by the leading agency has been reduced from 8,000 words daily to 4,000, and the United Kingdom bureau has been sharply depleted. I cannot help but feel that the United Nations and Washington should have more full-time press representatives from Canada. The present number is incredibly small.

Do the hon. members in this house, or do the people, know that the estimated cost to Canada of participation in the "United Nations and specialized agencies" for the fiscal year 1950-51 will amount to more than $15 million? If we are justified in spending this amount of money, is it not important that the people should know what their representatives are saying and doing? How can we hope to have public support for Canadian foreign policy when we are not getting a balanced report, as seen through Canadian eyes, and prepared especially for Canadian consumption? As so many of the problems of Canada come from our efforts to meet a menacing international situation, international news, reported by Canadians for Canadian consumption, is very much our concern.

At a time when world affairs are in such a jittery state I would have thought it essential that the United Kingdom, the centre of commonwealth activities, Washington, the centre of North American and Pacific activities, and Lake Success, the centre of world activities, should have a great many more accredited Canadian correspondents reporting the news for the Canadian public. There are one or two outstanding exceptions to this general statement. The job being done by the correspondent of the Montreal *Star* at Lake Success proves what could and should be done.

It is encouraging to see that, although news coverage has fallen off badly in spots, the news coverage of the C.B.C. continues to hold its high standard and C.B.C. foreign representation appears to be healthily on the increase. The great success of the domestic Monday night C.B.C. program, where the correspondents quiz the ministers, is further evidence of the general public's need for information on, and its avid interest in, how the affairs of this country are being run and why.

In passing, a compliment is due also to another official agency partially in the news field. I refer to the reconstituted national film board. This board, by the high acceptability of its films and by the large number of its outlets, is doing a national communication service worthy of recognition. But I wonder how many know that the film board's movies are seen regularly in some 3,300 Canadian communities. Film board men are bringing useful films, information and advice on using them to workers in every field of Canadian life.

Another important medium of communication is the field of public relations. Are we doing a job in this field? No one will accuse the Department of National Health and Welfare of hiding its light under a bushel, nor should they do so because their work is both instructional and educational. But how many persons realize that in the last two years, through the initiative of the department, the federal government has been responsible for the construction of 27,000 new hospital beds, many of them in my own constituency, in a total of 40,000? I doubt if the people of this country realize the revolution which has been brought about, nationally speaking, in national health and public welfare owing to the initiative and research policies of the department.

Will anyone deny that the Department of National Revenue is certainly in need of public relations men to explain why the painful process of collecting taxes is so necessary to the just operation of our system?

Let me give you another illustration. I doubt very much whether the people of Montreal and district know how much the federal government, acting through the Central Mortgage and Housing Corporation, has done to assist housing in the greater Montreal area. I have been a constant critic of this corporation. I think its powers are too large and I think it should be brought under closer parliamentary supervision. But in fairness I must say that, upon inquiry, I find that "in the three years 1948-49-50 a total of 38,600 new housing units were completed in Montreal. Of this total, 14,500 were built with government assistance under the terms of the National Housing Act while another 1,600 units were built on direct government account for rental to veterans. Therefore over 42 per cent of all new housing units completed in Montreal in the past three years were constructed with government financial assistance or were built on direct government account."

"In dollar value the total amount of loans approved for Montreal under the National Housing Act in the past three years was $130 million while the total for the province of Quebec was $163 million. Direct government expenditure on new housing for veterans in the same period in Montreal totals $9 million."

And so it goes. The illustrations are legion and the wealth of information which should be brought to the attention of the citizens of Canada is almost comparable to the iron ore deposits in Labrador or the copper and silver deposits in the Yukon. All these little items of so-called local concern, small in themselves, but joined together, go to show the people of Canada that their money is being well spent. They create a feeling of justice and fair play and belief in our system of government. They prove that our government is not some colossus remote from the people, but is a collection of devoted, hard-working individuals, trying to do their best for the country.

One huge information service is to be avoided in the interest of an efficient operation. Inevitably it would become a natural target for partisan political attack and would be forced to operate constantly in a non-stable climate. I believe that the departments themselves should retain their information services in the interest of maximum efficiency. What we need is a traffic manager as it were, somebody to sift the available information and arrange for it to be disseminated, someone who would be responsible directly to the cabinet. He should have a small staff of recognized competence and the salaries scale available to his office should be such as to make this possible.

His functions and responsibility under the cabinet would be, first, to review all statements on a national policy level, thus making possible the uniform expression through a variety of spokesmen. This is the highest level of federal information. Second, he should counsel and guide the various departments and agencies on information policies, techniques and needs. Third, he should have an over-all responsibility to investigate and suggest the elimination of duplication in the various information services. He should conduct an annual survey of these operations and require periodic reports from them. Fourth, he should provide liaison with the several communication groups. An important function would be to sound out, seek and secure the active co-operation of existing private agencies, and in so far as possible, without government expense. Most of us recall the great service rendered to this nation during the war by private associations, professional groups and industry and it is reasonable to assume that they would co-operate fully in current non-partisan information programs for the general benefit of the nation. In this way also, we would avoid duplicating functions already performed by existing private organizations. Fifth, he should make public a yearly review of the information service as an additional aid and safeguard. Our traffic manager might be assisted by a non-partisan public relations advisory group chosen from recognized leaders in the field to serve without remuneration and to be available to the information manager for professional counsel. This suggestion is primarily a managing device to supply some measure of order in the present information service chaos and to establish standards of efficiency and economy.

Statements of national policy should be cleared through the office of our traffic manager but functional operations should remain in the departments where they can be most efficient. Under the general guidance of our traffic manager each department under the authority of its chief should undertake a survey of present information functions and practices with the purpose of eliminating waste, overlapping, duplication of activities, unnecessary publications and press releases. For the test should be public need. Once the basic survey has been made it should be kept current by less extensive surveys on a yearly basis.

Extraordinary efforts are made by the great corporations of Canada to keep the public informed of their activities and to be prepared to answer questions. The government of the country is by far the greatest business in it. Judged by the public relations efforts of big business the government lags behind. Clearly the government must not use the taxpayer's money to do propaganda for itself and try to perpetuate itself in office, but it is entitled to say what it is trying to do. Indeed, I contend that it fails in its duty if it does not.

Mr. Howard C. Green (Vancouver-Quadra): Mr. Speaker, the speech just delivered by the hon. member for Mount Royal (Mr. Macnaughton) has been very interesting and thought provoking. However, I am somewhat surprised and disappointed that he has reached the conclusion that the only thing wrong with the present government is its propaganda machine. Apparently he believes that it should have more and bigger propaganda.

Mr. Sinclair: We are too modest.

Mr. Abbott: Hiding our light under a bushel.

Mr. Green: I am afraid the facts are that the one activity in which they are superb is that of getting out propaganda.

Mr. Fraser: Too liberal.

Mr. Green: To come to my own views on budget policy, may I say that there are, in my opinion, and I think the opinion will be shared by most members in the house today, two vital problems facing the Canadian people and the Canadian parliament in this year, 1951. The first problem is preventing a third world war, and the second is halting the rise in the cost of living and preventing runaway inflation.

The budget must be considered in the light of its effect on these two great problems. In a free country perhaps the must effective way a government can deal with any problem is by framing budget policy to meet that particular problem. So today let us consider whether the Canadian Minister of Finance in 1951 has submitted to parliament a budget plan which meets these two problems as directly and as effectively as they could be met. To put it in another way, is the Canadian government giving leadership, or is its policy one of drift at a time when leadership is needed as never before?

To deal first with the question of the budget and the problem of preventing a third world war, it is true that the minister's budget provides a very large sum for defence expenditures. The figure will be found at page 1806 of *Hansard*, and it is $1,664 million out of an estimated expenditure for the fiscal year from April 1, 1951, to March 31, 1952, of approximately $3,700 million. This expenditure for defence purposes is an increase of $893 million over similar expenditures in the fiscal year which has just ended, but of course a portion of that increase is caused by the rising prices. But I should like to point out to you, Mr. Speaker, and to hon. members, the minister's own summary of budget policy, as it is set out at page 1807 of *Hansard*. This is the key, in my opinion, to his whole budget policy for this year, where he says:

> I am reluctant to believe that we must inevitably face budgets of $4 billion or more for any considerable succession of years. There is still a possibility that reasonable solutions of the present international tensions may be developed. In another year's time we should have a clear view of the prospects. I have, therefore, decided not to recommend any major reconstruction of our tax system this year but instead to meet our current requirements by a series of simple but adequate surcharges on several existing taxes and also to widen the coverage of our special excise taxes. I think that over the shorter run—

And those are significant words, "the shorter run".

> —this method of defence surcharges will produce the necessary revenue with the least difficulty and inconvenience.

Those words, too, are significant—"with the least difficulty and inconvenience".

> If our optimistic hopes are realized it will be easy to reduce these surcharges or to drop them entirely, but I want to add that if it becomes clear that we are in for a long pull at these high levels of expenditure some major changes in the existing tax structure may have to be devised. My tax proposals, therefore, must be regarded as an interim policy for the period of the current year.

That paragraph merits careful analysis. It implies that the problem of preventing a third world war may vanish overnight. It also implies that international tension may be solved at any time, certainly during the coming fiscal year. Unfortunately there is nothing whatever to justify this attitude. I wish with all my heart that there were, but there is absolutely nothing in the world situation today to justify that attitude by the Canadian Minister of Finance (Mr. Abbott). He is lulling the people of Canada to sleep; he is soothing them at a time when they should be aroused.

Furthermore the statements in this paragraph contain the admission that there is need for major changes in the tax structure of Canada, if we are in for a long pull. This forces us to consider whether or not we are in for a long pull. The minister has decided we are not, and he adopts deliberately a short-run plan. What is

that plan? In effect it is to get the extra money with the least difficulty and inconvenience, not to the taxpayer but to the tax collector. The main way of getting it is by a surcharge on existing taxes, and widening the coverage of certain excise taxes. This 1951 budget is a tax collector's budget.

A further implication from the minister's speech is that a year from now perhaps—and there is nothing definite about it—Canadians will get a long-term budget policy which, I submit, is what they should have had this year. Here, clearly, is a policy of drift, not of leadership. Here we have a complete failure to realize the situation of Canada and her allies.

You see, Mr. Speaker, the policy of the free nations of the world today is quickly to become so strong that the Soviets dare not start a third world war. The policy is not only to become strong quickly, but also to continue strong until Russia decides that it is in her interests to co-operate.

Every party in the house approves of this policy. I believe every party in Canada, except the communist party, approves of it: it is the Canadian policy. It is new for us, just as it is new for the Americans. Our experience in two world wars was that we were thrown into them practically overnight, and concentrated all our energies on winning. Then when peace came, when the fighting stopped, we disbanded our forces and returned to our civilian occupations just as quickly as possible.

Today we are faced with an entirely different problem which is that, while at peace, we must become strong enough to win a war, and must continue in that condition. I believe the policy Canada and other free nations have embarked upon is a very difficult one, more difficult even than a full-out war policy. It is perfectly clear we must be strong and prepared all the time until the policy of the free nations succeeds. And remember, if and when that policy fails, we are right in the middle of a third world war.

Obviously this is not a short-run policy; it is a long-term policy. It cannot possibly succeed in one year or in two years. Even if the war in Korea were to end tomorrow—and we know how little likelihood there is of its ending for a long time, in the light of press dispatches of the last day or two—that would not finish the policy of being strong. The defence expenditures would still go on; we would still have to be prepared to defend our way of life.

The war in Korea is merely one attempt to prevent a third world war. Even when the war in Korea is won, that does not terminate the need for the policy of being strong. I hold in my hand the report of a question and answer interview of General George C. Marshall, Secretary of Defense of the United States. This appears in *U.S. News and World Report* for April 13, 1951. Incidentally I would point out that General Marshall is one of the greatest leaders of our generation; I do not believe his wisdom can be questioned by anyone. In this article, which bears the heading "Prepare For Ten Years of Tension", General Marshall was asked many questions, of which I shall quote only one:

> Question: Do you consider, then, that what people have got to do is to bear in mind the over-all picture constantly instead of some little lessening of tension in Korea or perhaps some other part of the world?
>
> Answer: Put it this way; the best we can hope for, as I see it, is a prolonged tension rather than an all-out war. What we hope and pray for at the present time is that, as between the two, it might be a prolonged tension rather than war, during which we can build up our strength and our resources, get organized in western Europe, which General Eisenhower, supreme commander in Europe, is trying to do—get straightened out, we hope, in the Far East—but that's the best hope at present. If we should get a complete agreement with the Soviets we would be perfect fools to relax our military strength until we had evidence of good faith.
>
> Unfortunately, the tendency already is to relax.

The reference there is to the United States.

> That's what we have to fight against.

Further on he states that he believes the free nations are in for a period of ten years of tension. Canadians were entitled to have a long-term budget policy, but instead they have been told by the Minister of Finance to wait a year. That is bound to bewilder them and cause apathy; it is bound to bring about a failure to realize that the problem of preventing a third world war is a long-term one.

We have here once more a policy of drift and indecision, just as we have a policy of drift and indecision about raising a force for Europe. In the speech from the throne we found these words:

> Progress has been made in the organization of an integrated force in Europe under the North Atlantic treaty organization. The supreme commander, General Eisenhower, has recently visited Canada to consult with the government and the chiefs of staff. You will be asked early in the session to authorize Canadian participation in this integrated force as part of our program for national defence and security.

The session has now been going on for practically three months but we have not yet had any statement as to when this force is to be sent to Europe. There are no troops available to send. It is perfectly clear that the men who were raised for the special force

will be needed to reinforce the brigade which has gone to Korea. The preparation of forces for Europe will take months. Yet the Prime Minister (Mr. St. Laurent) has said that 1951 is the dangerous year; that this is the year in which we must make a great effort if we are to prevent a third world war.

There is also drift and indecision about establishing an effective reserve army. We rely in Canada for defence from hostile aircraft on reserve anti-aircraft units. The city of Ottawa depends upon a reserve unit to defend it from hostile air attacks, as does my home city of Vancouver. In both cases those units have just skeleton forces, totally and completely unable to defend their respective cities. If we are to raise any large numbers of troops we must do it by means of the reserve army. Although this session has gone on for three months we have had no statement yet from the Minister of National Defence (Mr. Claxton) as to how he proposes to raise a reserve army. He carefully refrained from dealing with that subject when he spoke earlier in the session and nothing has been said about it since by him.

We have a policy of drift and indecision too in connection with Canada taking part in a Pacific defence pact. The other day the President of the United States announced that there was to be a Pacific pact between the United States, Australia and New Zealand. When we questioned the minister of external affairs about Canada's part he said that the pact was only for the western Pacific. Apparently the government is not interested in such a plan.

Let me point out that if this policy of being strong is to succeed it must be extended to cover the Pacific area as well as the Atlantic. There is not much use stopping a war in the Atlantic if a first-class war can break out in the Pacific. Although Canada is a nation on the Pacific and has several thousand troops now crossing that great ocean to take part in the Korean war, she is not participating in this new defence pact for the Pacific. I think it is a disgrace.

Furthermore, there are two other examples of drift and indecision on the part of this government, one being the failure to crack down on profiteering. Not one move has been made to check profiteering, and very little has been done to halt rising prices. These are just examples of the indecision and drift of the government. The fact of the matter is that this government is so firmly entrenched and has such a large and meek majority that the ministers have become smug and self-satisfied. They have neither the will nor the vision to work out a long-term budget policy. So much for the budget and the prevention of a third world war.

I come now to my second question, that is, the cost of living and inflation. Certainly this is a vital problem. Since the outbreak of war in Korea Canadians have seen some interesting and disturbing things happen. First of all, they have seen prices and the cost of living rise steadily. I have here a clipping which sums up these increasing prices very neatly. It is a dispatch from Edmonton dated April 10 and quotes Hon. W. C. Woodward, a former lieutenant governor of British Columbia, who I think is as good a merchant as this country ever produced. This reads:

> Woodward (Yes) Urges Stop Buying
>
> Edmonton, April 10—(CP)—The way to bring prices down is for people to stop buying, Honourable W. C. Woodward of Vancouver, president of Woodward Stores Limited, said Monday in an interview.
>
> "That may be a surprising statement for a merchant but that's the way I feel about it. There is no reason for these high prices."

Canadians have seen their government threatening to put on controls, but not doing it. Surely the government either should have put on controls at once or made a definite statement that there were to be no controls. Instead they said that they would not put them on now but might put them on a little later if the people were not good. The result was that right down the line from the manufacturer to the retailer prices have gone up in an effort to be prepared for the time controls are brought in. There has been unfair profit making across this country since the outbreak of war in Korea. Just two weeks ago a Gallup poll was held in which this question was asked: Do you think there is much profiteering (unfair profit making) going on in Canada now? Three out of every four persons who answered that question said that they thought the Canadian people were the victims of unfair profiteering. I think it could be more fairly described as unfair profit making. There is no doubt that that has been going on and unfortunately the ministry must accept a large share of the blame for what has happened because of their indecision in dealing with the question of controls.

There are other startling things the Canadian people have seen in this intervening period. They have seen the value of their government bonds drop below par although it was understood throughout the country that that would never be allowed to happen. They have seen the value of their savings and their insurance cut drastically. Pensioners of all kinds are being squeezed, unions are being forced to demand increased wages, and

white-collar workers once again are trapped and helpless to meet the situation. It seems to me that there has been an utter failure on the part of the members of the Canadian cabinet to realize the tragic suffering there has been throughout the country. Private members of the Liberal party realize that condition because we have heard them raise it on the floor of the house time and again, but I do not believe that members of the cabinet yet realize the suffering there has been, and which is still going on today.

We were told that the budget would meet the problem of the increasing cost of living and inflation. Everyone expected budget measures designed for this purpose. Instead what have we got? We have a slapping on of extra taxes of the type which are most easily collected, obviously with no definite policy in mind to halt the rise in the cost of living or to prevent the spread of inflation. In fact in some ways the budget is actually forcing the spread of inflation, throwing oil on a fire which is already burning much too briskly in Canada.

I have several criticisms to make of the budget. First of all may I refer to the increase in the sales tax from 8 per cent to 10 per cent which is an increase of 25 per cent in the tax itself. As hon. members know, the sales tax is imposed at the manufacturer's level. It pyramids of course. At each turnover there is a profit mark-up, and that mark-up includes a mark-up on the tax. It hits the poor harder than the rich. The sales tax takes no account of ability to pay. There is no exemption for lower incomes as in the case of the income tax. It is bound to increase the cost of living, and it is directly inflationary. I have very good authority for the statement that the sales tax is inflationary, no less an authority than the Minister of Finance himself. When he delivered his baby budget speech on September 7 of last year he said, as reported at page 423 of *Hansard:*

> In selecting the particular measures to recommend to the house we have tried to take no action that would cause any significant increase in the costs of the day-to-day essential items of consumer expenditure. For this reason I do not propose any change in either the rate or the application of the general sales tax . . .

He did go on to say that the sales tax was not as bad as it was pictured, but there was his definite policy just six or seven months ago.

Mr. Abbott: That has nothing to do with inflation.

Mr. Green: Let us read again what he said. It is as follows:

> In selecting the particular measures to recommend to the house we have tried to take no action that would cause any significant increase in the costs of the day-to-day essential items of consumer expenditure.

Mr. Abbott: What has that to do with inflation?

Mr. Green: It has a great deal. It is because of the increasing prices that we are getting inflation.

Mr. Abbott: I think my hon. friend is confusing cause and effect.

Mr. Green: The minister is confusing the hard time the people are having with government policy. Today there is amazement across the country at the reversal of the attitude of the Minister of Finance in the short period of six months. I believe that the criticism of the increase in the sales tax is universal; it is in practically every leading paper in Canada regardless of political allegiance. I suggest to the minister that it is not yet too late to drop the increase in the sales tax. To do so would probably start a movement of prices downward. Nothing would do more to raise the morale of the Canadian people, and their attitude is of the first importance in fighting the battle against inflation. Probably there is nothing the government could do which would go farther toward solving the problem than to change its mind and cut out the increase in the sales tax.

I realize that the result would be a loss of $105 million estimated revenue for the present fiscal year, but the minister is budgeting for a surplus of $30 million. Government revenues are buoyant and will continue so because defence preparations are bound to continue. The minister has consistently underestimated his surpluses. In the baby budget speech of September of last year, when he had only six months of the year left, he estimated a surplus of $15 million. As things turned out, he had a surplus of $203 million, almost thirteen times the amount of his estimate. He certainly is not a very good estimator. There is no need for a surplus under present conditions.

Mr. Macdonnell (Greenwood): Probably he does it deliberately.

Mr. Green: As the hon. member for Greenwood (Mr. Macdonnell) says, it may be that he does this pessimistic estimating deliberately.

Mr. Abbott: No, that is not true.

Mr. Fraser: He cannot figure figures.

Mr. Green: Perhaps he cannot figure. That may be the answer.

Mr. Abbott: That may be the answer, yes. I have always felt that prophecy was difficult.

Mr. Green: If it turns out that there is a prospect of a deficit of $75 million or a lesser sum, then expenditures can be cut further than contemplated during the present year. I cannot think of a stronger incentive for saving by the government.

The question of saving brings me to my next criticism of the minister's taxation policy. There is absolutely no incentive in the budget to the individual to save, and savings by Canadians could do a great deal to halt price increases and prevent inflation. The fact is that people have simply been unable to save because of rising prices. When the minister dealt with that question, as reported at page 1799 of *Hansard*, he did a bit of whining. He said:

> Personal spending increased more than personal incomes, resulting in a decline in net personal savings out of current income. This decline in new savings amounted to about $270 million, or a drop of about 30 per cent.

Then he went on to point out the need for saving. He made a great plea to the Canadian people to do more saving. Where they were to get the money for saving he did not explain. At page 1803 we find these words:

> There is also urgent need for a higher volume of new saving, to cover the increase in capital investment which is in prospect, and to restrain the rising trend in consumer spending. This is certainly one of the best ways of reducing the intensity of competition for the use of labour and materials, and so reducing the upward pressure on prices.

Then he went on to say:

> The money saved can be used to buy Canada savings bonds, or to pay off the mortgage on his house or farm more rapidly, or to speed up the repayment of other debts, or to increase his savings in any other form that suits his individual circumstances. The important thing is to achieve an increase in aggregate savings up to a level at least equal to the new capital investment which we shall have to make this year.

One would have thought there would be contained in the budget policy some incentive to the people to save, but there is nothing whatever. In fact, the budget makes savings practically impossible. Mr. Speaker, inflationary conditions abroad in the world today call for a reward for saving. I thought the position was made very clear by Mr. James Muir, the president of the Royal Bank, in his annual statement to the shareholders in January of this year. Mr. Muir is quoted as saying:

> The most powerful weapon in the fight against inflation is generally supposed to be a stiff increase in the income tax. But the test of efficiency must be that any income tax increases shall penalize spending and reward saving.

[Mr. Green.]

He explains that further by saying:

> . . . equity and efficiency alike demand the exemption from income tax, wherever possible, of the bona fide saving of the public. In its simplest form, this might include the limited exemption of insurance premiums and of net purchases of savings bonds over the year.

With inflationary conditions today, increased insurance is a necessity for all family men. Mortgage payments have been assumed by our young couples that would have terrified my generation. When we see them taking on mortgages of $8,000 or $10,000, all these tremendously high figures, we wonder how on earth they are ever going to be able to pay them off. The time has come when there should be some budget policy designed to reward these young couples, and anyone else, who will save for purposes such as paying off a mortgage or purchasing a reasonable amount of insurance. This is one instance where a long-term budget policy would have been of great benefit.

My third criticism of taxation policy is directed against the levying of the 15 per cent excise tax on necessities, particularly stoves and washing machines. The tax is not being imposed on stoves using wood or coal. If a person happens to use electricity, gas, or oil for cooking, then the tax is payable on a stove of that type. I think it would have been wiser for the minister to exempt stoves of all kinds up to a certain value. Then, if people wanted to buy more expensive stoves, let them pay the excise tax. You see, you cannot turn the clock back and force everyone to use a coal or wood stove. I am told that in greater Vancouver there are over 86,000 homes using gas, electricity or oil, and 40,000 using all other kinds of fuel. To put a tax on these electric, oil and gas stoves as well as ordinary washing machines is merely increasing the cost of living. I believe that should not have been done.

This brings me to the fourth point. The minister could have made up any loss by increasing the tax on liquor. There has been no increase in the tax on liquor, although everyone in the country who drinks expected —I do not happen to be one of those people, but certainly all my drinking associates in the house expected—that there would be an increase in the tax on liquor. There would have been very little protest. The minister gives as his reason that liquor is already highly taxed. He proceeded to tax cigarettes and tobacco to the tune of $35 million a year. It is amusing to read his statement of last year in introducing the baby budget.

Mr. Mayhew: Have you any vices that we could tax?

Mr. Knowles: Don't answer, or they will do it.

Mr. Green: I am afraid that the government can tax anything, so I am not going to answer that question. The minister's statement regarding liquor and tobacco taxes last September 7, is found at page 423 of *Hansard*. He said he was increasing the tax on liquor last September, and then went on to say:

> I am not proposing any changes in tobacco taxes, which are already very high.

So we had the same reason last year about tobacco that we are getting now about liquor. I thought last year that he was bringing the liquor tax up to the level of the tobacco tax. Liquor certainly should have been hit in this present budget before cigarettes and tobacco, but instead liquor has been protected. Unfortunately, that leads to talk across the country that the liquor interests have the ear of the government, and rumours of this sort. It is a bad thing to get opinions of that sort abroad.

Mr. Abbott: I am sure the public do not believe that.

Mr. Green: The minister might be surprised how many of the public do believe it. The minister made a great mistake in not increasing the tax on liquor.

Finally, on this problem of the cost of living and inflation, I believe that the house and the Canadian people should protest the proposal of the government to amend the British North America Act so that the provinces can levy an indirect tax on sales up to three per cent. That proposal has been set out, of course, in the appendices to *Hansard*. This would enable the provinces not only to levy direct taxes, as they can do at the present time, but also to levy indirect taxes. This is the price the provinces are demanding for paying 50 per cent of the old age pension of $40 per month for the aged from sixty-five to sixty-nine inclusive. What will that tax mean? It is certain to force prices up, certain to spread inflation. It will make it that much harder for our senior citizens to live. I do not know how they get along now on $40 per month. The real need today is for an increase in that basic payment of $40.

The provinces are not directly concerned with the fight against inflation. They are not very likely to worry a great deal about inflation. I am sure the minister has found that because he complained about them at page 1803 of *Hansard*, of April 10, 1951, and pointed out how much expenditures by provincial governments had been increased. He went on to say this:

> Having regard to the impact of defence on construction materials and skills I must again urge the provinces and municipalities to review particularly their capital and construction programs in the light of the general public interest.

This is to be a hidden tax. The provinces will not have to disclose it to the people who buy. Of course, that is the very worst kind of tax possible. It certainly will not bring down the cost of living or curb inflation. I suggest that it would be far better for the dominion to set up a contributory pension scheme under which Canadians would pay as they earn, and then draw benefits as of right at sixty-five without a means test, and let the provinces add to the figure if they wish to do so.

In conclusion, Mr. Speaker, may I say that there is little that is inspiring in the budget policy. Once again the government has lost an opportunity to give leadership to the Canadian people—to give them a clear view either of the challenge which faces Canada or of the ways to meet that challenge successfully. Yet all the time the communists drive on relentlessly toward their goal of world domination. They are not working on any year-to-year basis. I suggest that the government should realize, before it is too late, that these two terrible problems which are faced by the Canadian people and, of course, by the Canadian parliament, can only be solved by aggressive leadership.

Mr. Jean François Pouliot (Temiscouata): Mr. Speaker, it is an honour for me to speak following the hon. member for Vancouver-Quadra (Mr. Green). I have known him for a long time. He is one of the popular members of the house. He always prepares his speeches with great care. By the way, may I say that he was one of the members of the civil service committee some years ago, when I came to know him well. Since then we have been good friends.

Mr. Green: We had a happy time on that committee.

Mr. Pouliot: We had a great time together. My hon. friend was one of the most helpful members of the committee.

I regret, Mr. Speaker, that I am obliged to disagree to a certain extent with my hon. friend. He spoke about young couples who assumed mortgages amounting to $8,000 or $10,000, and he said that they must have great confidence in the future. Indeed, they must; and they are right to be confident in the future. Probably the reason why they assumed such heavy responsibilities is that

they had never heard any of the depressing speeches made by my hon. friend. If they had, they would not assume such responsibilities in connection with a home.

An hon. Member: They would not get married.

Mr. Pouliot: Perhaps not. Perhaps if they took my hon. friend seriously, they would wait a long time before saying the final "yes". I am fond of the hon. gentleman; but as we are in an era of fundamental freedoms, when the fundamental freedoms or human rights are talked about so much, we may differ. He spoke of the policy of drift and indecision followed by the government and quoted a speech made by the Minister of Finance (Mr. Abbott) last year. He referred to some statements that were made by him at the time. Until then the policy of the government had been different, and the government had not embarked upon a three-year policy for spending $5 billion for defence preparations. I am sure that policy was undertaken partly on the advice of my friend the hon. member for Vancouver-Quadra contained in the forceful speech he made last June in answer to mine with regard to the Korean affair. When I protested against the expedition to Korea, I remember that my friend the hon. member for Vancouver-Quadra, the hon. member for Lake Centre (Mr. Diefenbaker) and a new member from Quebec said that I was all wrong, that we should defeat the communists on their own territory in Korea, that Canada should send a large expedition there and that we should have armies in all parts of the world. That has been the policy of the hon. gentleman for a long time.

Mr. Green: My hon. friend is stretching that quite far.

Mr. Pouliot: No. Even today my hon. friend complained that the expeditionary force to Europe is not ready, although thousands of our boys have been sent to Korea. I prefer what was said the other day by the financial critic of the opposition, the hon. member for Greenwood (Mr. Macdonnell). I heard him well, and I was satisfied to hear him express such a view as the one he then expressed, not because he repeated what I had said but because he showed some courage in saying it. He said that it was the view of many people in Toronto that the troops we have in Korea should be brought back to this country. But I will not pursue the matter further. I will however tell my friend the hon. member for Vancouver-Quadra that from the start he has been speaking like General Crerar and General MacArthur.

Mr. Green: I am in good company.

Mr. Pouliot: When they hear of war, these gentlemen are like hounds at hunting time and they think of pursuing the enemy. I think a great deal of hounds; some of them are splendid and are extremely helpful in hunting game. But in this instance I say to the hon. member for Vancouver-Quadra—and I say the same thing to my other gifted friend, the hon. member for Lake Centre—that in the language he used in the house he has spoken like General Crerar and General MacArthur: We must defeat the enemy at all costs. It costs money. Here you are. You cannot complain about it.

Mr. Green: It costs a great deal more if the enemy defeats us.

Mr. Pouliot: Perhaps. But I do not speak of the budget of China or that of Korea. I speak of the budget of Canada. Both my friend the hon. member for Quadra and the hon. member for Lake Centre, and some others on the other side of the house, have been insistently declaring that we were not doing enough, that we should do more and more; and here we are. We are spending more money, and that money must come from the pocket of the Canadian taxpayer. The result cannot be otherwise. The last men who can be heard to complain about the increase in taxation are my hon. friend and all those who have insisted on these military achievements. I am not a pacifist; but at the time this policy was embarked on I was afraid of precisely what my hon. friend is complaining of now; but he has been insisting on it all the time.

We have a North Atlantic pact. He must be satisfied with it inasmuch as he did not say much about it, except that we are not fulfilling our duty, that we are not sending troops now to Europe under General Eisenhower. This is what he said, and I heard him very well. He accused the government of following a policy of drift and indecision because they have not enough men to send there. It costs money to send more men there. It may be in the three-year defence plan, but it will cost more money, and it will entail taxation. My hon. friend is too bright a lawyer and too able a politician not to realize that fact. He must be the first one to realize it. I would say that he and my other gifted friend, the hon. member for Lake Centre, must realize it.

Mr. Green: It is in the defence expenditures.

Mr. Pouliot: Yes, it is in the defence expenditures; but it can be done only at the proper time. If my hon. friend insists on doing more, the Canadian people will have to pay more,

and they will have to tighten their belts accordingly. My hon. friend knows it. I do not expect to convince him, because I know he is sincere and that he has very deep feelings about it, and I respect his views. Although I sincerely believe in the freedom of thought in this house about political problems, I have the right to disagree with it, and moreover I have the right to tell him that he is illogical, and that he should praise the government for taxing the Canadian people for the expenditure that he has been calling for. Instead of accusing the government of indecision and drift, telling them that they have not yet established a policy on that, he should say to the government: I congratulate you on defending this country, on sending troops to Korea, and I hope that you will soon send that expeditionary force to Europe. But I have never prepared the speeches of the hon. gentleman and I am sure that he will not use my suggestions for his next speech.

He spoke of the reserve army. We have a reserve army in this country. He complained that we have a small number of reserve aircraft and anti-aircraft reserves.

Mr. Green: Anti-aircraft.

Mr. Pouliot: Yes. If we had sent no expedition to Korea our reserve would be much stronger. My hon. friend must remember that during the war I insisted on mobile units. He did not speak about it today. He must remember that at the present time in a country the size of ours, with more than three thousand miles of land between two oceans, the best defence is the air force. He knows that. The air force has made tremendous progress here in Canada, and it is still progressing all the time under the able direction of the Minister of National Defence (Mr. Claxton) and of the intelligent brass hats. They are not all bright, but some of them are. My hon. friend will admit it and that is defence.

Mr. Green: I always thought they were bright.

Mr. Pouliot: He should have congratulated the government on the progress that has been made by the R.C.A.F. since those days when we heard about emergency measures to be taken.

He said that there was no statement from the Minister of National Defence about the increase of the reserve. Let him wait for the estimates, and the minister will come with his estimates in the near future, and he will give all the required information to the hon. gentleman; but he is hard to satisfy, and I wonder whether the explanations that will be given to the hon. member for Vancouver-Quadra by the minister will be found satisfactory by the hon. member. But, sir, I am an optimist; I hope so.

What was it the hon. gentleman said about the Pacific pact? He wants a new defence pact, but unfortunately he did not explain with what countries we should unite in the Pacific. We already have close association with the United States, and there is Mexico south of the United States. What else is there on the western side—

Mr. Green: Australia, New Zealand and the United States are to be in this pact.

Mr. Pouliot: Yes, but my hon. friend knows that that pact is in the making and it is not completed yet. According to dispatches which have been published widely in the press, some dominions in the Antipodes are not so strongly in favour of the pact. I did not telephone to the legations of the dominions to know what was the view of the governments concerned, but I read it in the press.

I have heard my hon. friend say four or five times that Canada should sign a Pacific defence pact. With whom? With Japan? We have no peace treaty yet with Japan. The treaty is in the making. With Chiang Kai-shek or with the Chinese communists? It would be pretty difficult to sign it with the communists. And then, who else? The Philippines? They are under United States domination. Oh, well, my hon. friend knows about that.

Mr. Green: They are an independent country.

Mr. Pouliot: Yes, so it is, but we know what it is. We know Mr. Romulo, and we know the Philippines. Would my hon. friend be satisfied to have the Philippines in the Pacific pact? Canada and the United States are already united; we are allies. We would have what? Japan? Is he ready to admit Japan now?

Mr. Green: Australia and New Zealand.

Mr. Pouliot: It is not certain that they will accept.

Mr. Green: Oh, yes.

Mr. Pouliot: That is the point. My hon. friend says "yes", but he has not read the papers recently.

Mr. Green: Yes, I have.

Mr. Pouliot: Yes, but he needs only to look at the press and he would not be so sure as that. We could go hand in hand to the high commissioners of Australia and New Zealand and ask them about the views of

their governments, and my hon. friend would be surprised at their answers. But perhaps they would say: We are diplomats; we do not tell the secrets of state to Canadian members of parliament.

Would my hon. friend include Japan in the Pacific pact? Would he take Chiang Kai-shek and the Chinese nationalists?

Mr. Sinclair: No answer.

Mr. Pouliot: And France for Indo-China, or Viet Minh or Viet Nam?

Mr. Sinclair: No answer.

Mr. Pouliot: It is a very difficult matter. There are of course the beautiful south sea islands with luxurious vegetation, fruit, dances and all the charm of life. Well, they are not yet in the picture, but if my hon. friend wishes to take a trip there I will go with him, and I will ask those people if they are ready to join in the Pacific pact? But there is nothing I enjoy so much, Mr. Speaker, as to see a beaming expression on my hon. friend's face. It took me a long time to make him smile, but now that I have succeeded I am proud of myself, and I consider that it is quite an achievement. Well, sir, we will go together to the south sea islands and—

Mr. Green: Hear, hear.

Mr. Pouliot: We will participate in a debate before these people, and we will ask them if they want to join a Pacific pact, and if they do, it will be unanimous.

Mr. Knowles: Bon voyage!

Mr. Pouliot: We will take the hon. member with us.

Mr. Sinclair: Take him along, too; it would speed up the session a lot.

Mr. Pouliot: I am more serious than my hon. friend may think when I mention these facts. At the present a Pacific pact is impossible. Would my hon. friend cross the earth to Australia, to the Antipodes, to Australia and New Zealand in case of an emergency? It is the end of the world for us; and they have not yet decided to come in. China is a huge power; we are not officially at war with them. But they are supporting the communists whom we are now fighting in Korea. They are outside the pact. Now Japan can be admitted to the pact, but only—and my hon. friend will realize this—only after the country is officially recognized and a treaty is duly signed with them. That treaty is not yet signed, and my hon. friend knows it. What is the use of speaking about that?

When I think of the seriousness of the situation, and the ability of the hon. member, and realize that he knows the story, I conclude it is because he is like MacArthur and Crerar and Lake Centre—they want to fight; they want to fight the world.

Then he said there had been no halt to profiteering. It was an observation punctuated by no other argument. He just mentioned it, and mentioned things he said were taken for granted. This time he just mentioned the fact, and did not insist upon it. Perhaps there is some profiteering or, as he says, some profit making. But the denial of profits is the old socialist theory we heard explained in the house by Mr. Woodsworth and his associates a long time ago. I agree with the hon. member that profiteering is wrong.

The other day I listened to an excellent speech by the hon. member for Lake Centre. I told him it was one of the best he had ever delivered in the house. What is his suggestion about that matter? The suggestions offered are very few.

Mr. Sinclair: More money to Colombo.

Mr. Pouliot: Yes, more money to Colombo; human rights and fundamental freedoms!

Mr. Sinclair: More money for that, too.

Mr. Pouliot: Yes, yes—because there are many people who are interested in the defence of human rights and fundamental freedoms—with the exception of the hon. member, of course, who receives only his parliamentary indemnity. Those people are much better paid than we are to pronounce those words, ad infinitum. They are well cared for.

Then, I made note of one sentence in the hon. member's speech, which, to me, was a jewel—but a false jewel.

Mr. Sinclair: Paste.

Mr. Pouliot: The hon. member said that the ministers have become smug and self-satisfied. I see here the Minister of Finance (Mr. Abbott) and the Minister of Public Works (Mr. Fournier).

Mr. Green: All the ministers.

Mr. Pouliot: Yes, all of them. But the two I have mentioned are two members of the cabinet who are now in the house. I ask you, Mr. Speaker, to look at the Minister of Finance and the Minister of Public Works and to say whether they are smug and self-satisfied. They may be self-satisfied, because they advertise good politics. But "smug" they have never been. My hon. friend should know his native tongue better than to use that word when referring to gentlemen who are so informal, so human and so easy of

access as those gentlemen, who are members of the cabinet. And I say that of their parliamentary assistants, too.

Mr. Green: You will be in the Senate, if you don't look out.

Mr. Fulton: He will be director of the bureau of publicity.

Mr. Pouliot: He has not yet been named and may never be.

Mr. Fraser: They want it reorganized.

Mr. Pouliot: What the hon. member wanted was a long-range budget policy—meaning by that more taxation. And what does he mean by long-range? He spoke of ten years of tension, advertised by General Marshall. I agree that General Marshall is a great man. Does he mean that in the life of the country ten years is long-range? Surely it is not that.

Then the hon. member said that since Korea disturbing things had happened, that prices had risen, and that we have no price controls. Well, I will ask the hon. member two questions: First, is the hon. member, who represents an important constituency in the great city of Vancouver, ready to support the control of wages?

An hon. Member: No answer.

Mr. Pouliot: Answer?

Mr. Dickey: No answer.

An hon. Member: Silence.

Mr. Brooks: Are you?

Mr. Pouliot: Now, that being answered satisfactorily—

Some hon. Members: Oh, oh.

Mr. Pouliot: —I will ask another question of the hon. member.

Mr. Green: Write them all down; there are so many I cannot remember them.

Mr. Pouliot: Oh, there was only one.

Mr. Green: Put them on the order paper.

Mr. Pouliot: No; it was a simple question. There was nothing complicated about it. I know that my hon. friend wants clear situations and I will ask clear questions.

Mr. Sinclair: Yes, or no.

Mr. Pouliot: No, he may answer with frills, if he wishes. I would be greatly enthused if I were to have an answer.

Then, the first question, which was so ably and so pointedly answered, was: Is the hon. member in favour of the control of wages? I would repeat that question to the constituency of Vancouver-Quadra, and say that their distinguished member of parliament has said in the House of Commons that he is in favour of the control of their wages. I should add that he has not said it; I have added that.

Mr. Sinclair: Lost his tongue.

Mr. Pouliot: Is he in favour of lower wages?

Then, having spoken about low things, lower wages, I shall now speak about higher things and ask the hon. member if he is in favour of controls at the top price. This is a simple question, you will understand.

Mr. Green: From a simple man.

Mr. Sinclair: And to a simple man.

Mr. Green: Yes, to a simple man, also.

Mr. Pouliot: Well, "from a simple man" and "to a simple man" was not an answer to my question. But I see the hon. member has not lost his voice, and that he is able to answer me.

Now, having got his well-expressed views about the control of wages I would like him to tell us if he is in favour of establishing controls, with prices at the top?

An hon. Member: No answer.

Mr. Pouliot: And I see that his second answer is just as conclusive as his first one.

Now, Mr. Speaker, when young people who want to get married listen to speeches of the hon. member for Vancouver-Quadra I want to be there to try to lessen the depressing effect of his speeches, and to remind those young people that Canada is a great country, and that there must be no doubt about it.

Another thing my hon. friend said solemnly—and he seemed very much worried about it—was that Canadian bonds had fallen below par. He was very much concerned about that. I am sure that like everyone the hon. member has at times visited brokers' offices or bucket shops and has seen how things are done there. He knows that when Canadian bonds are sold they are sold at a premium, and he knows that when they are redeemed they are redeemed at par. In the meantime there are fluctuations in the market price of a point or two or perhaps only a fraction of a point. Anyone who reads the market page in the press will realize that my hon. friend was not as serious about this as he usually is about other matters.

Then he referred to the increase in the sales tax and he became quite persuasive in asking the minister to drop this increase. I have never been enthusiastic about the sales tax, but on the other hand I realize that the government has been listening to the recommendations of the hon. gentleman to spend a lot for defence and so on.

Mr. Sinclair: The Pacific pact.

Mr. Pouliot: The Pacific pact. It is unfortunate, but we must pay for these things. The hon. member referred to the surplus as being thirteen times larger than what the minister expected. The reason is obvious. Perhaps because of the emergency, but in any event the businessmen of this country showed great activity and the increased business created this surplus. This is a simple explanation by a simple man to an hon. gentleman who is well versed in economics.

He says that the budget makes savings impossible. Savings are always possible. I admit that we have not got all that we wanted from the government. My hon. friend did not get his Pacific pact or the sending of Canadian troops to Europe. He may get both of those things in due course. There are other matters that have not been settled, but which I hope will be soon, like pensions for the old and so on. These will cost money. If the old people and the blind are receiving only $40 instead of a larger amount it is because of the insistent demands by the hon. member for Vancouver-Quadra, the hon. member for Lake Centre, and an hon. member from Quebec that we go to war. We have to pay for all this.

The hon. member quoted Mr. Muir, president of the Royal Bank, who wrote a very nice article which was sent to all of us. I read it with interest and profit. The hon. member should read not only speeches by Mr. Muir; he should also read the reports of the annual meetings of all the chartered banks and the large insurance companies. I am sure he will enjoy them very much.

I shall not say anything more because I have covered the ground to a large extent. I am not familiar with shorthand, but I did take some notes and I have answered some of the points that were raised. I am glad the hon. member is still in such a good mood and I hope we will remain friends. Let me tell him that in times like this it is a good thing to have an experienced pilot at the head of the government. With due respect to his chief, the leader of the opposition (Mr. Drew), for whom I have great regard, I am sure that all parties are ready to trust the Prime Minister and his cabinet in the difficult circumstances with which we are faced.

If my hon. friend considers the matter as objectively as I am sure he can, he will realize that the problems before the government are tremendous. I do not think any members of the government are smug. I see the Minister of Labour (Mr. Gregg) who is neither smug nor self-satisfied. I can say that of all members of the cabinet. They are just good Canadians who are trying to do their best to serve their country. They are trying to help the constituents of my hon. friend, my constituents and the constituents of any other member.

If my hon. friend uses his talents for the better and offers constructive criticism he knows not how much it will be appreciated by his own constituents. I am sure if he had complimented the Minister of Finance upon the budget he would have received thousands of letters from his constituents saying, "All right, Howard, go on, you are on the right road". He would be on the right road to a political conversion.

Mr. E. G. Hansell (Macleod): Mr. Speaker, I had hoped that the hon. member for Temiscouata (Mr. Pouliot) would go on for another five or six minutes, as I was enjoying him, as I always do. I have great respect for my hon. friend, as he has for everybody. He proceeded to give the hon. member a dressing-down. Since there are one or two functions during the dinner hour I wonder if you would mind calling it six o'clock.

Some hon. Members: Agreed.

Some hon. Members: No.

The Acting Speaker (Mr. Beaudoin): Hon. members will realize that it is not up to the Speaker to declare whether it is six o'clock. Not having unanimous consent, I cannot declare it six o'clock.

Mr. Hansell: I noticed the other night that when the chief government whip did not want a vote he asked the house to adjourn at a quarter to eleven. I can go on if I must, but it means that there will be a three-hour break from six to nine o'clock before I can continue my speech. I can talk along this line for another six minutes if necessary.

Mr. Fournier (Hull): Personally I have no objection, but not long ago we asked for the same favour and were turned down by a member of that party.

The Acting Speaker (Mr. Beaudoin): Is it the pleasure of the house that I call it six o'clock?

Some hon. Members: Agreed.

At six o'clock the house took recess.

AFTER RECESS

The house resumed at eight o'clock.

PRIVATE BILLS

CANADIAN-MONTANA PIPE LINE COMPANY

The house resumed consideration in committee of Bill No. 117, to incorporate Cana-

dian-Montana Pipe Line Company—Mr. Bennett—Mr. Dion in the chair.

Sections 1 and 2 agreed to.

On section 3—*Capital stock.*

Mr. Cruickshank: Mr. Chairman, I think this is the clause in which I am particularly interested. The last time I spoke on this particular bill I desired certain information in which I know the people of my riding are interested, I would even go further and say in which the whole of British Columbia is interested. As a matter of fact, Mr. Chairman, I did not think it would be necessary for me to say anything on this particular section, because I am sure there are some of my colleagues in British Columbia who are interested in gas and pipe lines just as I am. The main reason, Mr. Chairman, for my interest in this particular bill is that I want to tie it in with the whole gas and oil picture in Canada. It is true that this particular bill more or less concerns what we might call a branch line, but on the other hand it is a main line. That may not sound particularly clear, being a branch line and yet a main line, but on the other hand the gas situation is so vital, not only to our province but to the whole Dominion of Canada, we must look at the whole picture and not merely make it a sectional issue.

I do not want to weary the committee, Mr. Chairman, but possibly you are not as familiar with the argument I commenced so I had better reiterate what I said. As a matter of fact, I thought one of the Alberta members might discuss this bill. I understand that some of the Alberta members are not at all in accord with the policy of their government in connection with the distribution of gas.

Mr. Prudham: Speak for the province of British Columbia.

Mr. Cruickshank: The minister says to speak for the province of British Columbia. I am glad to note that at least the minister has committed himself and is interested in the gas situation in his native province, an excellent province. I am surprised the minister has not spoken before in this house to explain what a magnificent province it is, the potential wealth of the province and how it could thus be developed, not only to build up his province into an even greater province but also to build the rest of Canada. I believe I have won the minister over to my side, that the building of Alberta will also build up Canada, in spite of the government that they have in Alberta—for instance the member for Red Deer (Mr. Shaw), I am sure, does not agree with the policy adopted out there in connection with the distribution of this great wealth that they have. This wealth, Mr. Chairman, is not merely the wealth of Alberta, but it is also a part of the great heritage of this great dominion of ours.

The Deputy Chairman: Perhaps I should inform the hon. member that we are now discussing section 3, and he should make his remarks relevant to the item.

Mr. Cruickshank: Mr. Chairman, I shall try to confine myself to the section.

The Deputy Chairman: Perhaps I should read the section to the hon. member. It reads:

> The capital stock of the company shall consist of five hundred thousand shares without nominal or par value.

Mr. Cruickshank: I am glad that you brought that to my attention, Mr. Chairman. It was the very point, I am sure, the minister from Alberta had in mind. This is the very section for which I was looking. It is section 3 in Bill L-1 of the Senate of Canada, an act to incorporate Canadian-Montana Pipe Line Company. Under "Capital Stock" it says that it shall consist of 500,000 shares without nominal or par value. This is the very section to which I was referring, Mr. Chairman. That is of value and importance to more than the province of Alberta, a great province, although I am sure the hon. member for Red Deer will agree with me that it is not as well administered as it should be. Now that I have the support of the hon. member for Red Deer and the minister from that province on this very section, it enables me to clarify the argument I intend to advance at greater length.

I do not want to weary the house on this particular bill, and certainly not on this section, but when we are going to share the wealth we have in this great dominion and this province with our great neighbour to the south, we must have a certain amount of protection. As I understand it, and I shall be glad to be corrected, Mr. Chairman, if I am wrong, the desire of this particular company in securing a charter—charters, by the way, should be very valuable things and given careful consideration in this chamber—is to export gas to the Anaconda Copper Company. I understand the original intention was to export for a limited period to more or less tide the company over an emergent situation as a defence measure. Incidentally that company, in conjunction with ours, is doing wonderful work in preparing for any eventuality in defence. They require this gas for that purpose. Originally, I understand, they wanted this fuel for a period of five years. I am not a member of

the committee but I understand from evidence given before the committee that it has now developed they want it for a twenty-five year period. The sponsor of the bill can correct me if I am wrong. I am quoting the evidence of the president of the company, Mr. Corette, I believe his name is, as to the twenty-five year minimum. As I understand it, under that particular section of the charter this could be extended to the lifetime of the gas supply, and that is all the more reason why a great deal of attention should be given to this section 3, the amount of the capital stock of the company. If gas from our great province is to be exported indefinitely to the United States, there must be safeguards, safeguards not only for Alberta and British Columbia, but, under this very section, safeguards for the whole Dominion of Canada.

The other day I was speaking—certainly this comes under section 3, Mr. Chairman—of those who are financing the company. We have not had the privilege of having that explained to us. Who is financing it? I want to know where these funds are coming from, Mr. Chairman. Surely, the question of funds comes under the heading of "Capital Stock." I asked where these funds were coming from. Were they to buy these shares of the capital stock? Were those stocks to be disposed of in Canada or in the United States? I asked how they were to be payable, whether in Canadian or in United States funds. These are some of the questions I asked in connection with this particular bill. Surely it is in order, Mr. Chairman, to ask who are going to build this particular pipe line, and if they have had experience in this particular form of work. When we have an issue of stock to that extent, surely we should have information as to why we are to issue stock to that extent and to indicate that the people who are issuing it have the capital behind them to the extent of 500,000 shares without nominal or par value. We should have that information. As I said, we should know where they are getting the funds, what the terms are, and the experience they have had in spending these funds. Then there is the matter of whether steel is available. The other night we were informed by one of the ministers that the steel was available. Of course I have no doubt that that is correct, and that the steel is available. Those of us who have not been privileged—

The Deputy Chairman: Order. What the hon. member is saying does not relate to the clause under discussion which concerns the capital stock of the company. I will ask the hon. member again to relate his remarks to the clause under discussion.

[Mr. Cruickshank.]

Mr. Cruickshank: Very well, Mr. Chairman. I will just ask one or two questions in connection with this particular section; then possibly I could confine the rest of my remarks to one of the other sections. In order that the sponsor of the bill will answer me on this particular section, I should like to have it on record that, with respect to the capital stock consisting of 500,000 shares, without nominal or par value, I would require to know where that stock is to be disposed of. Then as you say, Mr. Chairman, it would probably be far more in order if I confine my remarks to the following section.

The Deputy Chairman: Shall the clause carry?

Mr. Shaw: Before it carries, may I say to the hon. member for Fraser Valley that certain of his early remarks were predicated upon one of the most fantastic suppositions that I have ever heard, namely, that I am in disagreement with the oil and gas policy of the government of the province of Alberta. However, I shall not go beyond saying that just at this point because I fear that I would be completely out of order.

Mr. Cruickshank: I accept the apology, Mr. Chairman.

An hon. Member: Whose apology?

Some hon. Members: Carried.

Mr. Bennett: There are three companies interested in this pipe line: the Union Oil Company, the Montana Power Company and the McColl-Frontenac Oil Company of Canada which is well-known in our country. These three companies are large and substantial organizations. The preliminary financing for this pipe line is being undertaken by the Montana Power Company which has been in the public utilities field for about seventy years. Any additional moneys which may be required will be financed by these three companies. I think that answers the question asked by the hon. member for Fraser Valley.

Mr. Cruickshank: That answers that question, Mr. Chairman. There is more to follow.

Section agreed to.

On section 4—*Head office and other offices.*

Mr. Green: I believe an amendment to clause 4 was moved in committee, Mr. Chairman. Will you please tell us what that amendment is and whether it is now included in that paragraph.

The Deputy Chairman: As I see it here, the amendment was to subsection 2 of clause 4 which now reads as follows:

The company may, by by-law, change the place within Canada where the head office of the company is to be situate.

Mr. Cruickshank: No, that is not it.

The Deputy Chairman: That is the only amendment I see.

Mr. Green: The words "within Canada" are added. Is that the change?

The Deputy Chairman: Yes. The words "within Canada" are the two words by which subsection 2 was amended.

Mr. McCulloch: In clause 3 I think there was an amendment to the effect that $10 was to be the par value of the stock.

The Deputy Chairman: I cannot agree with the remarks made by the hon. member for Pictou, because clause 3 is not amended according to the bill I have here.

Mr. Green: I think perhaps what the hon. member has in mind, Mr. Chairman, is that a resolution was passed providing that for purpose of payment of fees, these shares would be considered to be of a certain par value. I do not believe there was an amendment to this section itself.

Mr. McCulloch: I think the hon. member for Vancouver-Quadra is right.

Section agreed to.

Section 5 agreed to.

On section 6—*Powers of company.*

Mr. Green: I believe there was an amendment to clause 6. Would you read us the terms of it, Mr. Chairman?

The Deputy Chairman: The amendment applies to line 30, which now reads as follows:

. . . and other gaseous or liquid hydrocarbons provided that the main pipe line or lines of this company either for the transmission or transportation of gas or oil, shall be located entirely within Canada.

Shall the clause as amended carry?

Mr. Sinnott: With regard to clause 6, may I say that a few days ago I had an opportunity of saying a few words on this pipe line bill. At that time I said that I believed that we should here in the House of Commons support an all-Canadian pipe line. As I see it, this clause says:

The company, subject to the provisions of any general legislation which is enacted by parliament, relating to pipe lines for the transmission and transportation of gas and oil or any liquid product or by-product thereof, may

(a) within the provinces of Alberta and British Columbia or outside Canada construct, purchase, lease, or otherwise acquire, and hold, develop, operate, maintain, control, lease, mortgage, create liens upon, sell, convey or otherwise dispose of and turn to account any and all interprovincial and/or international pipe lines, for the transmission and transportation of gas and oil including pumping stations, terminals, storage tanks or reservoirs and all works relative thereto for use in connection with the said pipe lines; and buy, or otherwise acquire, sell, distribute or otherwise dispose of gas; and as an adjunct or correlate to pipe lines for gas to have similar powers and facilities for pipe lines for the transmission and transportation of oil and the acquisition and disposal of oil; and own, lease, sell, operate and maintain aircraft and aerodromes for the purpose of its undertaking, together with the facilities required for the operation of such aircraft and aerodromes; and own, lease, operate and maintain interstation telephone, teletype and telegraph communication systems and, subject to the Radio Act, 1938, and any other statute relating to radio, own, lease, operate and maintain interstation radio communication facilities;

That is paragraph (a).

Mr. Knowles: What bill was the hon. member reading from?

Mr. Sinnott: This is Bill N-1 of the Senate.

Mr. Knowles: I am sorry; the hon. member is reading from the wrong bill.

Mr. Sinnott: The section that I was reading is identical with the section in the bill which is before the committee.

Mr. Knowles: The hon. member has been reading clause 6 (a) of Bill N-1, to incorporate Border Pipeline Corporation, which is not identical with clause 6 (a) of Bill L-1 which is before the committee at the present time, although it has the same import. I am merely drawing attention to the fact that the hon. member was reading from the wrong bill.

Mr. Cruickshank: It is the same general legislation.

The Deputy Chairman: I imagine the hon. member will have to wait until the other bill comes before the committee. Shall the clause carry?

Mr. Sinnott: No, it shall not carry. Section 6 (a) is exactly the same as the one which I have just read. It reads:

The company, subject to the provisions of any general legislation relating to pipe lines—

Do you want me to go over it again?

Some hon. Members: Dispense.

Mr. Sinnott: I appreciate the help of the hon. member for Winnipeg North Centre, and admit that he was on the bit so far as the bill is concerned. I was reading from section 6 of Bill L-1, which is identical with what I was talking about. At the present

time the people of Canada own vast quantities of oil and natural gas. The sponsors of this bill would export that natural product from this country. In other words, they would permit those who come into the country and invest a few dollars to take away our natural resources and leave the people of this country penniless. That is something that I, and the hon. member for Fraser Valley, will not stand for. We believe that the natural resources of Canada should be developed for the people of Canada before any of those resources are exported to anyone else. If we maintain that principle in this parliament then we will not allow anyone outside this House of Commons to have anything to do with the bill which is before us at the present time.

This is something which is vital to every Canadian. Unless we endeavour to expand our facilities and develop the natural resources of this country, Canada will never be any more than it is today. Therefore I say, Mr. Speaker, that before any gas or oil is exported or taken to any United States point such as Superior, Wisconsin—it would have been much better if the pipe line had ended at Fort William—before any gas or oil is taken any place outside Canada the needs of Canada should be satisfied. That should be done before any part of the United States or any place else has the benefits of those facilities.

The Deputy Chairman: Order. The hon. member will realize that this clause does not relate to exportation. Section 6 concerns the powers of the company. The sidenote reads:

Power to construct and operate pipe lines; power to hold land.

And everything is within Canada. It does not say anything about exporting outside the country.

Mr. Fournier (Hull): Carried.

Mr. Sinnott: It does not say "within or without Canada"?

The Deputy Chairman: There has been an amendment to subsection (a), line 28. Therefore, it reads:

. . . provided that the main pipe line or lines either for the transmission or transportation of gas or oil shall be located entirely within Canada.

Shall the clause carry?

Mr. Sinnott: No. Section 6, paragraph (a) of Bill L.1 reads:

Within the province of Alberta and/or internationally outside Canada construct, purchase, lease, or otherwise, acquire and hold—

[Mr. Sinnott.]

Mr. Fournier (Hull): That has been amended.

Mr. Sinnott: I maintain that we in this House of Commons are wasting our time on these bills. These bills should have the consent and the consideration of the province of Alberta before they come here. If Alberta has consented to the export of these commodities then we should pass our legislation later.

Section agreed to.

Section 7 to 11 inclusive agreed to.

Preamble agreed to.

On the title.

Mr. Knowles: Before the title carries may I make one request in respect to these bills that appear on our files? I hope that you, sir, will permit me to make this request at this time. When these Senate bills are put on our files, they are placed there in the order in which they arrive, of course, but without the House of Commons number imprinted on the bill. On the other hand, if we send down to the table, or down to the distribution office, for a copy of the bill before the house, we get it with the House of Commons number stamped on the top of the bill. I am sure that many hon. members have difficulty in finding bills by the Senate numbers when after all what counts with us is the House of Commons number. I wonder whether arrangements could not be made for the House of Commons numbers to be stamped on the Senate bills before they are put on the files under our desks.

I notice that you, sir, are pointing to the fact that that number is there on the individual copies that we may get, but it is not there on the copies that are on our files. It did not happen tonight, but it does happen sometimes that a bill is passed through this house before some hon. members even find it. I think it is a reasonable suggestion.

Some hon. Members: Hear, hear.

Mr. Knowles: I hear "hear, hear" from across the way. Perhaps it can be looked into and carried out for the convenience of all hon. members.

The Deputy Chairman: I think there is merit in the suggestion just made by the hon. member for Winnipeg North Centre. I shall call the attention of the proper authorities to this suggestion.

Title agreed to.

Bill reported, read the third time and passed.

BORDER PIPELINE CORPORATION

The house resumed, from Friday, April 13, consideration of the motion of Mr. Robinson for the second reading of Bill No. 118, to incorporate Border Pipeline Corporation.

Mr. H. W. Herridge (Kootenay West): When I was making my introductory remarks at the time this bill was last before the house I said that we in this group were opposed to this bill particularly on two grounds: First, because it was intended that this pipe line would be built with private capital; and second, because, according to the information we had, this company does not intend to pursue an all-Canadian route from the commencement of the pipe line through to the coast before it comes to United States territory.

I had also brought the attention of the house to the fact that we did have some support from other quarters of the house, and that the hon. member for Comox-Alberni (Mr. Gibson), and the former member for Vancouver Centre, had shown an identity of purpose and interest in the principle of publicly-owned pipe lines.

Before proceeding I should like to quote from the remarks of the hon. member for Comox-Alberni (Mr. Gibson), particularly as I see the Minister of Transport (Mr. Chevrier) is in his seat at the present time. At page 2808 of *Hansard* for April 30, 1949, the hon. member for Comox-Alberni had this to say:

> There is a very important principle involved. Last night I was protesting against what appeared to me to be a tremendous lack of vision on the part of the directors of our Canadian National Railways. That railway system is in the business of providing transportation and moving freight, whether it be in the form of coal, oil, gas or any other form.
>
> The Canadian National directors are allowing this pipe line method of transportation to be laid all along their right of way. It will be in the hands of private corporations and this tremendous freight which is originating in this north country is going to provide corresponding profits. I sincerely hope that the volume of traffic will be such that the profits will be large.
>
> I think the Canadian National directors—I would not say the Minister of Transport—have been remiss in their duties and have shown an appalling lack of vision in not having investigated this proposal very carefully. I for one, and I am sure this would apply to other hon. members, would have been glad to approve the capital required to put in these pipe lines which would have provided a tremendous amount of freight revenue.
>
> I am tired of voting money to defray deficits. I should like to see the Canadian National look into this matter carefully before they permit private companies to lay transportation lines for gas and oil on their right of way. They and the Minister of Transport should look into the possibilities of this form of transportation being provided by the Canadian National system.

I am quite willing to follow the advice of the hon. member for Comox-Alberni in connection with a venture that presents opportunities for profit. I am quite sure if the hon. member for Comox-Alberni says that this is a profitable venture, there can be no question about it: it is a very profitable venture.

Then in the part of his speech I read he uses the expression "appalling lack of vision". Those are the words he used. They are strong words. If we understand correctly, the word "appalling" means horrible, and when coupled with the other words it would mean a horrible lack of vision, or a frightening lack of vision, or a terrible lack of vision, or a paralysing lack of vision. There, again, I think the words of the hon. member for Comox-Alberni can be accepted by all members in the house who are getting tired of seeing American capital come to Canada and pick the cream of Canadian investment and development.

That is obvious, from the literature that is being distributed at the present time by these various companies. I am not going into that matter at full length this evening, because I wish to deal with our general approach to the problem of public ownership of pipe lines. But I do wish to bring this one pamphlet to the attention of the house. This pamphlet which I received in the mail informs me of the opportunities for making money by investing in oil or gas pipe lines. It states that the investment of a few dollars will soon return a great many dollars, and it illustrates that a few cents invested today means hundreds of dollars tomorrow. This company, in its brochure, sets out the following table:

Name of Company	1947 Low	1950 High
Atlantic Oil	·22	$3.30
Central Leduc	·15	3.85
Federated Petroleums	·23	6.10
National Petroluems	·12	3.10
Pacific Petroleums	·84	8.25

Mr. Fulton: What are they going to do in 1951?

Mr. Herridge: Then it goes on to say:

> Had you only invested a mere $100 in the above shares you could have cashed in handsomely—realizing from $800 to $2,500 on your investment in little over three years.

My point is this, that if those profits are to be made in oil or gas, it is about time the Canadian people made them through publicly-owned corporations. And if those profits are being made they are being paid out of the pockets of the people of Canada at this time.

While I was deeply interested in the fact that the hon. member for Comox-Alberni gave such strong support to the principle of public ownership of pipe lines, I was a little

disappointed in another direction in the house. The hon. member for Fraser Valley (Mr. Cruickshank) has been an ardent fighter for an all-Canadian route. Everyone gives him credit for his off-the-cuff, his on-the-cuff and his in-the-cuff speeches. But, Mr. Speaker, I am disappointed in this respect that, after having the support of the hon. member for Comox-Alberni, he does not come along with us and give us his support of the principle of public ownership of pipe lines.

I know he has thought about it. From his attitude on other questions which come before the house I know he has thought about it. He is a progressive friend of mine, and I would say that I am still hopeful. I believe the hon. member for Fraser Valley is just about to emerge from the cocoon of capitalist inhibition.

The hon. member for Fraser Valley has been greatly assisted by the hon. member for Springfield (Mr. Sinnott), who makes a rather dramatic approach at times when he talks on these questions.

Some hon. Members: Hear, hear.

Mr. Herridge: I appreciate the blasé manner in which he can accept applause, without even turning a hair. I understand the hon. member for Springfield is now generally known throughout Manitoba as the Cruickshank of Manitoba. But we would like him to take another step, and not only support an all-Canadian route, but say that these pipe lines should be publicly owned, and that the profits from them should go to the Canadian people. We are not suggesting that that is socialism; it is a form of public ownership.

Mr. Sinnott: It is a service.

Mr. Herridge: Yes, it is a service which should be given by the Canadian people to the Canadian people.

And I am pleased to note that the efforts of the small group in this corner of the chamber are having some effect. I remember when the hon. member for Kamloops (Mr. Fulton) used to sit at the other end of the chamber, and he voted time after time against public ownership. He was to be found with the private enterprisers. I have been informed —I am not quite sure about it, from personal experience—but I have been informed that recently in a committee which dealt with public ownership of pipe lines, and things of that kind, he has been putting forth some very strong arguments in that connection. I wish to mention in that respect that the hon. member for Kamloops has, since he voted against public ownership of pipe lines, moved down to this end of the chamber, and he now sits beside the hon. member for Cape Breton South (Mr. Gillis). I am sure the personal contact and personal intimacy with and the fatherly advice he has received from the hon. member for Cape Breton South is having its influence. Next time this matter comes to a vote I expect to see him standing shoulder to shoulder with the hon. member for Comox-Alberni.

We in this group stand for the principle of social ownership, generally. As hon. members know, our policy is based, in principle, on a program known as the Regina manifesto. In that program the third plank is known as social ownership, and deals with the necessity of social ownership of certain things in this country for the advantage of the Canadian people.

Mr. Laing: In agriculture?

Mr. Herridge: Certainly not. I shall deal with that later. The hon. member for Vancouver South (Mr. Laing) says "agriculture". Apparently he has not been reading the C.C.F. program, or he does not understand it, because he would not be saying that. I expect to hear later from the hon. member for Vancouver South (Mr. Laing) because I understand he has had a speech germinating for about six weeks.

We in this group believe that there is a place for a certain amount of planning in our economy. This idea was first put forward in 1932 and 1933 by the C.C.F. when it was first formed. At that time members of this party were looked upon with great disfavour, considerable misunderstanding and some horror by those who had nothing to do previously with the study of economics. But a wider and wider section of the Canadian people are beginning to realize just what we are advocating.

We submit that free enterprise, even under capitalism, has to be modified if the needs of the Canadian people are going to be met. That is obvious. How can we say that we are moving in a period of free enterprise when we see government, because of conditions and circumstances, more and more entering the field of public investment and so on? When you see the lords of Bay street coming to Ottawa on their hands and knees, these tycoons of the gold mining industry, seeking aid and subsidies for the support of gold mines, we should remember they are the same people who reply to the ordinary working man who asks for a subsidy for bread and milk, "My dear fellow, you must stand on your own feet; you must earn your own living." These things indicate the changing Canadian conditions. I am not opposed to subsidies for gold mines, I am simply pointing that out to illustrate that we are not in a totally free economy at this time.

There is no particular virtue in socialism for the sake of socialism. It is not because we have a doctrinaire conception that we advocate these things. We advocate them because we believe that if we are going to have a democratic and peaceful transition to a state of society with all possible advantages, when there will be returned to the great masses of workers and producers a just share of their production, it must be done by evolutionary and democratic methods, step by step, as a result of experience.

It was because of that belief that the Regina manifesto was drawn up and presented to the Canadian people as a program. These are policies that are in keeping with Canadian tradition, Canadian psychology and Canadian circumstances. I am relating what I say entirely to the question of public ownership of pipe lines.

We in this group believe generally that our next move in the economic field—in fact we believe we are moving into a mixed economy that contains certain types of ownership—is one that should consider public ownership first of all. In the federal field we propose public ownership of railways, water transport and, we hope, gas and oil pipe lines. In the provincial field we advocate public ownership of power production, public services and things of that type. In the municipal field there will be locally owned power plants and possibly public distribution of milk, bread and things of that sort.

An hon. Member: What about eggs?

Mr. Herridge: Easter has gone by and we have no eggs. We believe also in co-operative ownership at all levels. At the national level there would be co-operative marketing of the agricultural production of this country, credit unions, administrative and legislative organizations and things of that type. Then in the provincial field there would be co-operative organizations which would be closer to the people. At the local municipal level there would be the consumers' store, local farmers organizations and credit unions.

We believe that there is a field for considerable private ownership. If private ownership renders a service to the community without exploitation, without the improper development of natural resources, and without monopoly, we believe it can still perform a service for the country.

An hon. Member: What about hardware?

Mr. Herridge: Small hardware stores, not branch hardware stores. We are opposed to monopoly in all its phases when monopoly means operation without necessary control by the government, whether federal or provincial. Obviously we must have some form of monopoly. You cannot operate a vast telephone system efficiently without a certain amount of monopoly, and the same applies to other distributing agencies, such as those having to do with power and so on. We are not opposed to monopolies as a development within capitalism simply because they are monopolies. But we are opposed to monopolies because of their effect.

Mr. Deputy Speaker: It would appear the hon. member is going far afield.

Mr. Herridge: I am simply illustrating the advantages of public ownership of pipe lines. If Your Honour will have patience for two or three minutes I think you will see I am quite in order. Every child in Canada is entitled to an education to the extent of his talents. Every adult is entitled to employment at satisfactory wages or salary throughout his working days. Every invalid is entitled to security. Every older person is entitled to a pension that will provide security with comfort.

We say that if a monopoly, whether it be a pipe line, a bus line, a mining monopoly or any type, is willing to operate or develop the natural resources of this country, conserving them under principles laid down by a government having the interests of the people at heart; if that monopoly is willing to pay a rate of taxation to provide a necessary standard of living and the things I have just mentioned; if that monopoly is willing to charge a fair price for its commodities or services: then we say that there is no particular virtue in socialization.

Mr. Deputy Speaker: The principle of the bill concerns the construction of a pipe line.

Mr. Herridge: There is no object in socialization for the sake of socialization, and if a monopoly is not able to meet these terms then we say it should be socialized. I am sure that that would have the support of the great majority of the Canadian people if they were informed of the facts.

I shall deal now with the question of an all-Canadian route. Another objection we have to this bill is that the company will be made up largely of United States capital. I do not blame United States people for wanting to invest in pipe lines if they have the opportunity, because that might be a good thing to do. In my opinion they cause considerable difference, and a different effect on the community and the economy. The investment of local capital means that you have people reinvesting their profits in the community, in the province or within Canada. They are taking an interest in the country. They have a personal stake in the country. They are living with the people who are

working in their plants or factories, and these profits are reinvested from year to year in the country. So far as foreign investment is concerned, there is a complete loss to Canada of the total profits exported from this country each year from these operations.

We believe, Mr. Speaker, that Canadian capital is preferable in all these ventures. We also believe that the people with capital in Canada have been very shortsighted in allowing outside capital to come in and take advantage of the opportunities to make these developments. As I said before, the reinvestment of profits from Canadian capital in the Canadian economy simply means that, while we may disagree as to the justice or adequacy of the distribution of the production of the company, there is no loss to Canada as a whole. The total wealth produced remains within Canada.

Our second major objection is that this company does not intend to build an all-Canadian route. This matter concerns many people in British Columbia. The legislature of British Columbia has expressed itself in favour of an all-Canadian route, and so have farmers organizations and boards of trade. If I had the time I could have quoted this evening, from the Nelson *Daily News* published in my own district, a report of the meeting of the associated boards of trade of eastern British Columbia at which the delegates expressed great concern over the fact that gas or oil may be piped to the United States prior to reaching the Canadian coast. I could also quote the Ottawa *Citizen* and other papers but time does not permit me to do so this evening.

There is no question as to the value of these developments to Canada. Their value is recognized so far as the power possibilities are concerned, so far as employment is concerned, and their great value so far as revenue is concerned. There is no question that a route through the Kettle valley is feasible. We were told the greatest lot of boloney on a previous bill. We realize now that it was boloney. Prominent engineers questioned the feasibility of the route because of sliding ground and so on and made the whole thing appear almost impossible to us. As a result of cross-examining the engineers who are going to build the Trans Mountain pipe line we know that from their point of view the Kettle valley route is an easy one, and presents no construction difficulties.

Therefore there is no argument whatever either from the financial or from the physical point of view against the building of a gas or oil pipe line from its source straight through the Kettle valley to Vancouver prior to entering the United States. We feel very strongly about this matter, and I wish to move, seconded by the hon. member for Yale (Mr. Jones):

> That Bill No. 118 be not now read a second time but that it be resolved that in the opinion of this house further consideration of this bill should be deferred until the house has been assured that the route of any pipe line built by the proposed company will be laid out so as to serve Canadian requirements before any such pipe line leaves Canadian soil.

In view of certain remarks made by the Minister of Mines and Technical Surveys (Mr. Prudham), I want to draw to the attention of the house the opinion of the Liberal members of the legislative assembly of Alberta with respect to the export of gas from that province. I should like to quote briefly from a Canadian Press dispatch of April 3 found in the Nelson *Daily News* for April 4. It reads in part as follows:

> The bill permitting temporary export of natural gas to Montana for essential defence production yesterday received second reading in the Alberta legislature. It now must pass the hurdle of full-scale debate in committee before receiving third reading and royal assent. Several opposition speakers expressed concern over undesirable factors which they said export might create . . . "Who is going to benefit chiefly from our export of gas?" asked H. J. MacDonald (Lib.-Calgary). "The Alberta government gets a yearly revenue of about $75,000 in royalties. McColl-Frontenac apparently gets $10 million. Anaconda gets cheaper gas. Do we get a trade advantage equivalent to the value of our gas?"
>
> Mr. MacDonald said export would permit the Montana Power Company to look after the needs of Anaconda with Alberta gas and reserve its own dwindling supplies for its 33,000 residential and commercial consumers.

I mention that to indicate the tremendous profits that are being made by these companies in the piping of oil and gas to the United States without consideration for Canadian requirements and Canadian consumers. Again I say that I hope that we from British Columbia, who have been continually fighting for an all-Canadian route by amendment of these bills to include a clause that an all-Canadian route shall be built, will be successful in the present case. To date we have been successful in the case of three other bills. I hope that other members of the house will realize that our arguments are valid and are not merely placed before the house to take up time. There are no financial difficulties in the way. There are no physical difficulties in the way. We believe it is not only the duty of members from British Columbia but the duty of members from all sides of the house to stand up and fight to preserve Canadian oil and gas for the use of Canadians first before their export is permitted from this country.

On motion of Mr. Hodgson the debate was adjourned.

Mr. Deputy Speaker: Order. It being nine o'clock the house will now resume the business interrupted at six o'clock.

THE BUDGET

ANNUAL FINANCIAL STATEMENT OF THE MINISTER OF FINANCE

The house resumed consideration of the motion of Hon. Douglas Abbott (Minister of Finance) that Mr. Speaker do now leave the chair for the house to go into committee of ways and means, and the amendment thereto of Mr. Macdonnell (Greenwood), and the amendment to the amendment of Mr. Coldwell.

Mr. E. G. Hansell (Macleod): Mr. Speaker, I should like to thank hon. members of the house for their courtesy in calling it six o'clock as early as seven or eight minutes before six. It simply meant that I did not have to introduce my speech and then put it off for a period of several hours. We are now continuing the debate on the budget. Budget night usually is a big night, but why it should be a big night I do not know because the budgets that are introduced into this house in reality are designed to perpetuate a false economic system. Yet somehow or other budgets become glorified in the minds of the people. The present monetary system under which this government and its predecessors have operated is what I call an iniquitous system. In the first place it is a debt-creating system. It is a debt and taxation system. It is a system which imposes burdens upon the people. It is a system which reduces the purchasing power of the people. It is a system which impoverishes the people, and it is a system which, carried to its conclusion, takes away the right of the people to private property. Now, why such an iniquitous monetary system should be crowned with such glory and honour is beyond my comprehension. Yet, it is so crowned.

Some of us have been sitting in this house now for a great many years. I know when I first came down to this august chamber I was inspired. I felt I was sitting in the seats of the mighty. When the budgets were brought down, surrounded with all the pomp and glory that usually accompanies budgets, I sat rather awe-inspired. I recall, not many years after I entered this house, a previous finance minister, Mr. Dunning, brought down what was publicized as his "Mayday budget," because it was brought down on the first of May. The galleries were filled with people. The press galleries were filled with press representatives. We sat in our seats, and the chamber was fairly well crowded.

At last, the minister of finance, Mr. Dunning, entered. He was applauded. I looked at him. He was dressed in his best bib and tucker. He had on his morning coat and striped trousers. He had on his winged collar and pearl-grey tie. There he stood, in all the glory surrounding this thing we know as finance. He brought down his budget. The people listened almost spellbound. What they listened to, I do not know. I do not think they knew either. This was in what was known as the hungry thirties, and I think they were waiting for some good news. When the budget was all summed up, the only relief he was able to give the taxpayers of Canada was that he took the sales tax off gopher poison.

Now, that is the record. The other night a similar scene was enacted here. As I went to dinner at around six o'clock, the people were beginning to gather in the corridors. The constables were keeping them in line. When I came down to the chamber at approximately eight o'clock at night, the galleries were crowded with people. My telephone rang several times during the day because people were inquiring whether I could get them special tickets for the gallery. The crowds were here. We were all in our seats. I do not know why we were here, but we were here anyway. The clock struck eight. No finance minister appeared. We began to break the tension by singing a few ballads. At last, about five minutes after eight, the hon. gentleman, the Minister of Finance (Mr. Abbott), entered upon the scene. Great applause from all over the house accompanied his entrance.

My thoughts went back to one or two court trials that I have attended in my lifetime. I recall the prisoners being brought up from the cells below, stumbling in. The prisoner is placed in the prisoner's dock. He is about to hear the verdict of the jury, guilty or not guilty, and the sentence pronounced by the judge. I could not help thinking how similar the scene was on a budget night to that scene in the courtroom. Here were the people crowding to get in the galleries. I have never heard yet of prisoners, who thought perhaps they were guilty of their crime, desiring with all their might to get into the prisoner's dock to hear what their sentence was going to be. Yet that night we had the people in the galleries and the pressmen, and the minister was applauded. What for? The people were there to hear what their economic sentence was going to be for the next twelve months. What had they done to deserve this fine, this penalty? Had they committed any crimes? I fancied I saw some war veterans

there who had fought for their country. Had they come now to receive their reward at the hands of those who managed the affairs of this country? I imagined I saw mothers there who had perhaps given sons in battle for the freedom of this country. They were all there, ears wide open, waiting to hear the penalty for their crime. After all, that is what a budget is under this present iniquitous economic system of debt and taxation.

Mr. Speaker, let me ask this. What is the purpose of an economic system? Has that ever been answered by any finance minister this country has ever had? What is the purpose of an economic system? I believe the purpose of an economic system is to allow men to enjoy the fruits of their labours. If that purpose were fully realized men could enjoy the production of the good things of the earth. If that purpose were realized, men could enjoy the good things that roll off the assembly lines or come from our factories. If that purpose were realized, men could enjoy the fruits of a modern scientific age, art, music, drama, and what have you. To obtain those things should be the purpose of an economic system. But the financial policy of this government is not designed for that purpose. The economic policies of this country are designed for everything else but the purpose for which an economic system exists. This government is more concerned with keeping this debt-creating, iniquitous financial system solvent and more concerned with the entrenchment of its vicious powers than it is over the welfare of the people. I do not think I could put it in any better words than those used by the leader of this party in the speech he gave a few days ago. As reported at page 2059 of *Hansard*, he said:

. . . the Minister of Finance is obliged—

"Is obliged", mark you.

—to administer a financial and economic policy that compels him to be a petty dictator, because it forces him to put a much higher value on statistical figures than upon human flesh and blood.

Let us see what has taken place over the years. Many speeches in this debate have touched on the apparent shrinkage in the value of the dollar. Might I emphasize my remarks by pointing out one place in which that shrinkage is extremely evident today. Some years ago the government floated loans. They encouraged the people to buy bonds. They told the people that those bonds would always be worth 100 cents on the dollar. Even though they might be valued today at 100 cents on the dollar, we all know that that 100 cents will not buy what they used to buy when the bonds were bought. What happened was that honest people bought bonds with honest dollars. Now those honest people are obliged to sell their bonds for dishonest dollars. A dollar is dishonest if it does not purchase the same amount of goods when it is spent as it does when it is earned. For instance, honest pensioners receiving pensions in those days now find their dollar depreciated in value. They cannot buy much more than half what they could buy in 1939.

Let me draw to your attention, Mr. Speaker, an illustration or two which will perhaps bring the matter a little bit more forcibly to the attention of the house. Suppose an industry should enter into an agreement with its employees for the institution of a pension scheme. Suppose the agreement was that, if the employees paid contributions into this pension scheme, they would receive $50 a month on reaching retirement age. Then suppose that when the workers reached pensionable age and were entitled to $50 a month, the industry should pay them only $25 a month. Suppose the industry should say, "that is what we are paying you; we do not care what the agreement said." What do you suppose would happen in a situation like that? The industry or company, as the case may be, could be brought to trial and severely penalized. Yet that is exactly what happens today, only it is the government, through its financial policy, which is the culprit.

Then again, suppose labour should contribute to a pension fund a million dollars a year, for instance. I may say that this is another illustration. Then suppose it was discovered at the end of five or ten years that the company had stolen or misappropriated half a million dollars a year. What do you suppose would happen? The officers of the company, as the case may be, could be jailed for robbery or embezzlement. The financial policies of this government have exactly the same effect as that which would follow if the officers of the aforementioned company had stolen half a million dollars. That is what happens today, only the government, by its financial policies, is the robber.

Let me use another illustration. I know that we all talk of dollar values and that sort of thing; but if the government does not know how to manage the financial affairs of the country, they are responsible for the depreciation in dollar value. Suppose there are two farmers—and this is a homely illustration—who are neighbours. Suppose one man gets a crop and the other man does not, and the man who does not get a crop goes over to his neighbour and says, "I have not any winter potatoes this year. Could you let me have a supply?" The farmer who had a crop would say, "Why yes, I will let you have

your winter supply of potatoes. I will give you ten sacks. You can repay me the ten sacks some other time." His neighbour thanks him very much, and takes the ten sacks of potatoes. The next winter the farmer who did not have a crop the winter before now has a nice crop and he goes over to his neighbour and says, "Neighbour, I want to pay you back the potatoes that you gave me a year ago". Then suppose when they unload the potatoes, instead of finding ten sacks there in payment for the potatoes borrowed the winter before, he finds only five sacks of potatoes there. What would you say to that? What would the farmer say to that? I know it is just a homely illustration, but the fact of the matter is that the financial policy of this government has the very same effect. What would you say to a farmer like that?

An hon. Member: Throw him out.

Mr. Hansell: You would say, "Throw him out". You surely would. That is what the people are going to say one of these days about this government.

Some hon. Members: Oh, oh.

Mr. Hansell: I said that this was indeed an iniquitous system. It is an iniquitous system because it is based upon a false premise, namely, the assumption that the system in itself is self-liquidating whereas in fact it is not. I wish hon. members would understand this. I wish those in charge of the financial policy of this country would understand it. The only way money comes into existence and gets out into circulation is through direct creation by the banking system. Nobody disputes that. And that is done by way of loans. Every bank loan means an expansion of the credit of the country, and every loan means that new money comes into existence. But every loan must be repaid. And every loan is repayable at an interest. Since all money is a statistical creation, it is impossible to pay the interest unless the interest is also created. To assume otherwise is one of the false premises upon which the present financial policy of this country is built.

The minister assumes that the system is self-liquidating, and it is not. The fact of the matter is the minister might just as well say that we can pay back a $5 loan with $4. It just cannot be done. And then I read what the parliamentary assistant to the Minister of Finance said in his speech the other day. I have not read his entire speech, but I have an analysis of it in the newspaper. Here are the headlines: "Budget tough but realistic, Sinclair's reply to opposition." How the parliamentary assistant to the Minister of Finance could say that it is realistic to say that $4 will pay a debt of $5 I do not know. He must have to stretch his imagination a long, long way.

Mr. Lesage: Or stretch his dollars.

Mr. Hansell: My hon. friend says, "stretch his dollars." That is right. We surely have to stretch the Abbott dollar today. If we wanted to buy what it used to buy a few years ago we would have to stretch it a long long way. You talk about rubber money. If there was ever a day when there was any rubber money in existence it is the Abbott dollar of today.

About this false premise, Mr. Speaker; the Minister of Finance can be pictured as attempting to do something like this. This is a very homely illustration. Let us suppose that we have a thousand gallon tank filled with one thousand gallons of water. Beside it is an eleven hundred gallon empty tank. I can see the Minister of Finance on top of the thousand gallon tank.

Mr. Fraser: Don't let him fall in.

Mr. Hansell: He is pumping the water out of the thousand gallon tank into the eleven hundred gallon tank. He is pumping and pumping and pumping. At last he gets the thousand gallons of water out of the one tank into the other tank, and he still has space for another hundred gallons. He continues to pump and pump. At last he peels off his coat and then he pumps some more. That is the sort of thing that the parliamentary assistant to the minister calls being realistic. Yes, sir, he takes off his collar and his tie and he continues to pump. We ask him what he is doing, and he says: "I am trying to get another hundred gallons into that tank", but the tank from which he is pumping is already dry. We say: "But you are working on a false premise. You cannot do that." He says: "Oh; what do you know about it?" And he pumps again. He works himself into such perspiration that he peels off his trousers and shirt. I see him on top of that tank in his—

Some hon. Members: Order.

Mr. Hansell: I fancy the minister wears shorts.

Some hon. Members: Order.

Mr. Hansell: If the taxes continue some of the consumers of this country will have to go without them pretty soon. There he is on top of this tank pumping and pumping. Is that the sort of thing we call being realistic? We laugh at the illustration. I laughed at it myself when it popped into my mind, and then I saw about 265 M.P.'s all gathered

around looking up at him, and I heard a few say: "Why, the guy has gone nuts." And there were about—I have forgotten the ratio —about 196 of these fellows saying: "You know, that is one of the greatest men in Canada." Others say: "He is nuts. He must be." The hon. member for Acadia (Mr. Quelch) says he does not know it. That is all.

This afternoon I heard the speech of the hon. member for Mount Royal (Mr. Macnaughton), who said that the Minister of National Revenue (Mr. McCann) should send some public relations men throughout this country to explain to the people why the painful process of collecting taxes is necessary to the just operation of our system. What we need, Mr. Speaker, is public relations men to go out and tell the people that the painful process is necessary to the operation of an unjust and iniquitous system. After seeing the Minister of Finance pumping, what we need are public relations men to go out and explain to the people how they are being pumped.

I know, Mr. Speaker, that some will answer and say, well, we are not so worried; you know, it is a funny thing but the Liberals are elected all the time. I know that up until now they have been. Perhaps it is because of the weakness of the opposition's appeal—I do not know. It may be that the people are not aware of what is happening. Simply because the Liberal government is elected it does not justify the error that exists in the present monetary system. I read an item which I clipped from somewhere, but I do not know where I got the little paragraph. But it is something that hon. members would do well to keep in mind; and this is what it says: "The greatest danger to democracy is the belief that there is virtue in error when multiplied by votes". I saw that in a clipping somewhere, but I do not remember where I got it. However, it is something worth retaining in one's mind.

Mr. Sinclair: Beauchesne?

Mr. Hansell: The greatest danger to democracy is the belief that there is virtue in error when multiplied by votes. And I say this in closing, that until the people are aroused as to the terrible consequences of such an iniquitous and devilish financial system, they will continue to suffer the economic stringencies imposed upon them against their will, a policy which will ultimately lead to destruction, war and world slavery.

(Translation):

Mr. Lomer Brisson (Saguenay): Mr. Speaker, this is the first time I have the honour of speaking in this house. I owe this high privilege to my electors who entrusted me with the pleasant duty of representing here Saguenay county, the most beautiful constituency in Canada. I might be tempted to let its attractions and wealth go unmentioned since they have become so outstanding on the American continent, but I cannot help review the physical and human forces which ushered in this glory and are destined to attend and support it, while dutifully restraining and assimilating it.

Who would have believed, twenty or even ten years ago, that this district would be the meeting point of some of the greatest financial wizards of the American continent? Who would have thought that as one of their main arguments in support of the St. Lawrence seaway, politicians would point out that it would facilitate the shipping of iron ore from this district to American steel mills? Who would have imagined that this land of Cain—so it was called in a recent national film board release—would become the hope of the Canadian nation and a source of anxiety to the opponents of democracy?

The Saguenay, it might seem, has just discovered where its destiny lies and has proclaimed, in the face of the world, its right to existence. Conditions in Canada have, so to speak, steeped it in profound humility for four centuries. But the longer its sufferings, the more shining will be its supremacy, provided however—let us not forget this—that all concerned co-operate to give it a crown worthy of its virtues.

Saguenay county, Mr. Speaker, is that huge area of 374,950 square miles, the boundaries of which are: to the south, the river and gulf of St. Lawrence, for a distance of approximately 700 miles from Tadoussac to Blanc Sablon; to the east, the strait of Belle Isle and Newfoundland's Labrador; to the north, Ungava bay and Hudson strait; to the west, Hudson bay and James bay. Its area is equal to more than half the area of the province of Quebec and to one tenth the total area of Canada. Its geological crust, one of the oldest in the world, assumes shapes at times rugged, at times varied, at times freakish, sometimes uniform, but always spectacular.

Its climate, which is some degrees lower than that of the Quebec district, up to Sept-Iles, gets gradually cooler as one progresses northward or eastward. According to the 1941 census, this territory had a population of 28,856 inhabitants. In the 1951 census this figure will probably be close to 40,000 and it is to be expected that it will double within a few years. May I then be permitted

to express a wish. I would like the Canadian parliament, in giving the province of Quebec more adequate representation, to divide this constituency into two parts and to call the new division St. Laurent. This would serve a double purpose. It would recall two identities most dear to the hearts of all Canadians, the St. Lawrence river and the present Prime Minister, the Right Hon. Louis St. Laurent.

From a historical point of view, Saguenay county has nothing to envy the rest of this country. In Bergeronnes, my native parish, there is a monument which recalls the Basque fishermen who came here in the thirteenth century to hunt sea-lions. Other relics corroborate this fact. The discoverer of Canada, Jacques Cartier, knew of the fact and Samuel de Champlain, the founder of Quebec, christened some rivers, as his chronicles indicate. Louis Jolliet held a seigniory there and today a search is going on for the burial-place of that distinguished resident. Moreover, in the early days of the French colony Tadoussac was the favourite meeting-place of the fur-traders. And the village of Tadoussac has preserved one of the oldest chapels in the country.

Saguenay county, Mr. Speaker, is also the county of water power. Nearly all its countless rivers have waterfalls which, if they were all developed, would produce enough power to supply the needs of American and Canadian industry. I shall mention only a few of the most important ones: Portneuf, Bersimis, Outarde, Manicouagan, Ste. Marguerite, Magpie, Romaine and St. Augustin.

It is also a fisherman's paradise. The privileged few who have had the opportunity of tasting the salmon of the Moisie river know what I mean. Trout is plentiful in its lakes, which are noteworthy for their number, their size and their colours. As for the St. Lawrence river, it supplies all the varieties of fish; caplin, smelt, halibut, cod, lobster, etc. The people east of Sept Iles, with the exception now of the people of Havre St. Pierre, depend almost exclusively on fishing for their livelihood. Unfortunately, fish have not been too plentiful these last few years and the market has been unsteady. In 1949-50 the federal Department of Fisheries understood the plight of these fishermen and provided a substantial grant for which I thank the authorities. However, these people should be entitled to unemployment insurance benefits.

Furthermore, my constituency is a hunter's paradise. Who is not familiar with the mink, the beaver and the moose of the north shore, with the deer which gambols so graciously on Anticosti island, with the sea-lion of La Tabatière where Mr. Louis T. Blais, of Quebec city, operates a plant for the extraction of seal oil, the only plant of its kind in the province of Quebec. Moreover a few hundred migratory birds live on these majestic islands which extend from the Mingan archipelago down to Blanc Sablon.

Besides these rivers, lakes, islands, hunters' and fishermen's paradise, there are deep and delightful bays with sandy beaches where trim villages are located. Tadoussac bay, where each summer the Canada Steamship Lines bring thousands of American tourists, is undoubtedly the best known, but there are others whose captivating charm lingers with the visitor. Seven Islands bay, for instance, one of the most beautiful, is large enough to harbour the whole British fleet. For all those reasons I have no hesitation in stating that Saguenay county is a tourists' paradise.

Saguenay is first of all a lumber country. Many of our most powerful lumber companies have set up mills and camps in that part of the country since the beginning of the last century, such as the Consolidated Paper, at Les Escoumains, Portneuf and Anticosti; the Donnacona Paper, at Sault au Mouton and Papinachois; the Anglo Pulp, at Forestville; the Quebec North Shore Paper, at Baie Comeau, Franquelin and Shelter Bay; the St. Regis Timber, at Godbout; the St. Lawrence, at Trinity Bay; the International Paper, at Pentecote; the Gulf Pulp, at Clarke City. Those companies cut more than a million cords of wood each winter and employ thousands of lumbermen. At Baie Comeau, the Quebec North Shore has one of the most modern newsprint plants in the world; this plant supplies the Chicago *Tribune*.

The Saguenay region is now dotted with mines. The Quebec Iron and Titanium Corporation located 200 million tons of titanium at Havre St. Pierre, near Allard lake, and built a 27 mile railroad to link the mine with Havre St. Pierre. As early as 1950, the company shipped 100,000 tons of ore to Sorel.

At Knob Lake, in northern Quebec, the Labrador Mining and Exploration Company located 281 million tons of iron ore. A 357-mile railroad will soon be built between the mine and the harbour of Sept Iles. The Iron Ore Company of Canada hopes to be able in

1954 to ship 2,500,000 tons of ore to the steel mills.

Finally, Mr. Speaker, the constituency of Saguenay is the land of the hardy pioneer who often settles on land very hard to clear. There live resourceful farmers who make the best out of what is often poor soil, provident merchants who have to build up supplies so as to meet the demand for many months and who patiently wait for incoming mail. It is the country of the confident lumberjack, who is not afraid to leave his home for months; of the stout-hearted fisherman, who has to get up in the middle of night to gather what the sea feels like bestowing upon him; of the sturdy seaman who fearlessly faces raging waves miles from shore to carry materials and supplies. There we find the unselfish mother who courageously gives her country eight, ten, twelve or even fifteen sons and daughters; the indefatigable doctor who has to make the best of any means of transportation at his disposal so that the lives of his patients can be saved. It is the country where the missionary epic has been written—one should read about it in Father Garnier's book "From dog-sled to airplane"; it is also the country of the undaunted bishop who must summon up all the resources of his mind to build up an episcopal town out of thin air. The heroic apostolic vicar must face all kinds of perils to help his flock. Thousands of French-Canadians are happy to work there. It is the country of hundreds of Acadians who came from Magdalen islands and from centres in Acadia and who have kept their ancestral traditions, not to mention hundreds of people from Newfoundland who are a credit to their native country. Finally, it is a country where hospitality is proverbial, where nothing is to be denied to the first caller, where different races as well as capital and labour compete in a friendly manner, where hundreds of Indians live in fine reserves with all due respect to His Majesty.

I congratulate the Minister of Citizenship and Immigration for the splendid residential school he has provided for the new Indian reserve of Sept Iles. The school will be blessed next summer. I congratulate him also for the bill he has introduced in this house with a view to improving the conditions of the Indians. I earnestly hope that the recommendations of the Canadian episcopate regarding the education and hospitalization of those Indians will receive full consideration. I wonder also why we could not prohibit their consumption of liquor outside the reserves, since they are not allowed to use liquor within the reserves.

[Mr. Brisson.]

(Text):

Mr. Speaker, I should like to be able to convey to my English speaking colleagues some idea of the beauty and the resources of my constituency. But my knowledge of that language will not permit me to do so. For that reason I invite them to visit my constituency and I feel sure that their visit will substantiate all my claims in respect to it.

(Translation):

In that country of unrivalled beauty, why is it that tourists have barely gone farther than Tadoussac? Since fish and game are plentiful, why cannot hunters and fishermen earn their living? In that country of vast water power, why are there so few small or large industries, and in that forest land only one newsprint industry? Lumbermen flock to this district by thousands and work there six months at lumbering operations, but why will they not settle there permanently with their families? In that mining district why is it that, with the exception of Sept Iles and Havre St. Pierre, people hardly benefit from the present developments? The inhabitants are vigorous people, but the sick are deprived of the benefits of modern technical developments. Why are we still without a technical or high school, and why must we send our children outside so that they may get proper schooling? Why are trade relations so difficult with the outside world? How is it that there is hardly any increase in population? In a country where people are so hospitable and so generous, why is it that, in many cases, the inhabitants of neighbouring villages hardly know each other? Why are strangers reluctant to visit there? Why is it so difficult to organize a diocese with its proper institutions? Why is it so hard to foster a regional spirit and to develop all the social works and cultural attainments that flourish elsewhere? In short, why is this constituency, blessed as it is with unlimited potentialities and having a history four centuries old, still in the cradle as far as its real development is concerned? Obviously, there are many reasons, but among the main ones, and I say so without hesitation, is the isolation which, even in this, the twentieth century, prevails in that district. I feel I am expressing an opinion which is deeply rooted in the hearts and minds of the vast majority of my constituents. This frustration sometimes leads to exasperation. I cannot resist the temptation of quoting a few lines from a letter I received recently from an elector of my constituency:

The bridge is coming, but water flows under the bridge and beside it, at a time when one is sorry to be on the shore because we are so isolated. There is no road, no crossing . . . no way out.

Speaking from my own experience and from that of others, how much evidence I could bring in support of this argument since I am a bona fide son of that district and the representative of that constituency. Could it be then that the government of this country have failed to do their duty?

Has not the Department of Public Works been spending millions in the Saguenay district, in the past few years, for the construction and repair of wharves? This year, the amount set aside for the construction of wharves at Tadoussac, Sept Iles and Havre St. Pierre will stand at about $2 million. Does not the same department grant generous subsidies for the construction and repair of retaining walls in my constituency? I congratulate the member for Kamouraska (Mr. Masse) for having placed on the order paper a resolution, in order to call the government's attention to the erosion problem on both shores of the St. Lawrence. I support this resolution since it concerns the entire length of my constituency.

Has not the Department of Transport, for its part, built powerful and solid lighthouses to make navigation safer? I will mention but a few: Portneuf, Pointe des Monts, Ile aux Oeufs, Iles Cawee, Ile au Perroquet, Pointe Natashquan, Cape Whittle and Table Head. Does it not, moreover, generously subsidize the Clarke Steamship Company in order that it may operate an excellent freight and passenger service between Montreal, Quebec, and Blanc Sablon, as well as the Compagnie de navigation du Bas Saint-Laurent, which operates a similar service between Rimouski or Matane, Forestville and beyond to the intermediate ports, as far as Sept Iles? Does not the government, moreover, spend considerable sums of money to build modern airports, such as those in Baie Comeau and Sept Iles? Has not the Compagnie de téléphone du Gulfe Saint-Laurent, ever since it acquired the telegraph and telephone system in the Saguenay, also spent considerable sums of money in order to improve the service?

On the other hand, the Post Office Department is doing everything possible to ensure efficiency in transportation of mails on the north shore, by ship, plane, truck, dog-sled, etc.

But, hon. ministers, even though I thank you most sincerely for this assistance on behalf of my constituents, you know that it is insufficient. Every day I have occasion to ask you for a new wharf, a new retaining wall, a new airport, a new extension of the telephone system, a better steamship service or, more frequently, an improvement in the mail service. You can be sure that all those requests are legitimate and necessary, and I earnestly hope that they will be granted.

But, in my opinion, the real problem lies elsewhere. Better water and air transport between the north shore and the rest of the country will lessen the problem of its isolation, but it will not solve it. Because of its climate,—and the same goes for the rest of the province of Quebec—water and air transport will always be extraordinary means of transport. Let us admit it frankly, Saguenay county suffers from isolation in this twentieth century, simply because it has a road which is hardly practicable over a distance of 135 miles, from Tadoussac to Baie Comeau, and it has no railway.

Could it be that the provincial government has forgotten Saguenay county in its road-building program, when the claim is heard all the time that the Union Nationale has given everything to the province of Quebec! Will they do something about it soon, as they say they will? Will the revenues derived from the mining rights in New Quebec be enough or do they rely on their new tax on gasoline? Be that as it may, the problem is urgent and unfortunately the provincial government of the Union Nationale is slow in solving it. If that road had been built a few years ago, Saguenay county would have surely benefited more from the new developments in New Quebec.

Should I be talking about a second trans-Canada highway in the Saguenay when so far there has been no agreement between the federal government and the Quebec government as regards the original project? It might be a good thing if the federal government, the Quebec government and the Newfoundland government got together to consider the possibility of linking Newfoundland to the mainland, by building a dam over the strait of Belle Isle which separates Blanc Sablon and Newfoundland over a distance of only nine miles. Commander Beaugé has already mentioned this possibility. This project would also have a considerable and beneficial effect on the weather on both shores of the St. Lawrence, and would also constitute a valuable con-

tribution to national defence in case of war. Let us not forget that during the two last wars, the enemy aimed their devastating projectiles at both shores of the St. Lawrence. Was that not the kind of protection the United States authorities had in mind when they built naval bases at Longue Pointe de Mingan, on the north shore, at Goose Bay, in Labrador, and at Gander in Newfoundland, during the last war?

What I really wish to ask the federal government tonight is to consider the possibility of building a railroad in the Saguenay region. The problem is directly under its jurisdiction. The member from Charlevoix (Mr. Maltais) is to be praised for placing a resolution to that effect on the order paper, early in the session. Railroads have helped the development of western provinces and strengthened our federal union. The Saguenay region could therefore also benefit in every respect from the construction of a railroad. At one time, many reasons could be given to prove the project impracticable: sparse population, lack of natural resources, technical difficulties, etc. Today such obstacles fade away in the light of the enormous development that is taking place in Ungava. If it is worth spending millions to build a railroad that will carry iron ore from Knob Lake to Sept-Iles over a distance about equal to the distance between Murray Bay and Sept-Iles; if, for the same reason, it is found advisable to complete the St. Lawrence seaway, is it not also worth spending a few millions to ensure the happiness and the well-being of the local pioneers and of the miners who will bring out this iron ore? Is it not true that the building of a railway is the only way to make available to the Canadian people the wealth and the wonders that are plentiful in that region, and would it not be the proper way to provide its population with a standard of living in keeping with our Canadian way of life? I leave this problem with the government because I am sure it will be considered with the greatest care as well as all other matters that make for a prosperous Canada.

Obviously this may not be the proper time to raise such an important question, because of the huge war expenditures with which we are faced at the present time. Under those circumstances, one cannot help regretting that constant threat of destruction we have to face when there are so many wonderful things to be accomplished at home.

It is then our duty to avert the danger by strengthening our internal peace so that we may pass it on to the world, for we must not forget that international peace, like personal and national peace, can be achieved only through great sacrifices. If our country enjoys peace today, it is because our fathers made common sacrifices to build confederation, because the two great races making up our country gave up a certain pettiness in order to work towards appropriate ideals; because both capital and labour agreed to mutual sacrifices in the general interest; because the government provides social security benefits, thereby returning to the less fortunate certain taxes levied on the citizens. Let this same spirit prevail in our attempts to solve also the constitutional problems facing the ten provincial governments and the federal government, or in the closer co-operation of the two elements of our country if we wish to be soon unfettered and free. Instead of overstressing racialism and national sovereignty, nations should make greater efforts to practise charity and universal brotherhood, if salvation and not destruction of our civilization is to be attained. The Colombo plan surely came out of that principle; let us warmly congratulate the Canadian government for the generous contribution it contemplates.

In conclusion, I will express two wishes: that our government should send an ambassador to the source of peace, the Vatican, and that our very distinguished Secretary of State for External Affairs, the Hon. Lester Pearson, should continue to work for peace at the United Nations.

Mr. Leon Balcer (Three Rivers): Mr. Speaker, during the present budget debate, we have heard many references to inflation and the high cost of living. However, I feel I must deal again with the subject tonight; one need only talk for a few minutes with the man in the street or the Canadian housewife to understand readily that this is a most acute national problem.

Newspaper headings may deal with important international events, such as the war in Korea, the disagreement between Truman and MacArthur, or between Attlee and Bevan, but in every Canadian home, the main subject remains the same: How to keep on feeding, clothing and housing a family on the daily earnings, since the dollar is now worth no more than fifty cents.

The Canadian taxpayer cannot but turn to the government, which is, to a large extent, responsible for the situation.

It might be said that there is inflation elsewhere and that all democracies have to face it. But inaction on the part of others does not justify the indolence which has characterized the government's approach to this problem.

As a matter of fact, the government took no worthwhile steps to prevent this increase in the cost of living and, now that the index has gone beyond 179·7, not only does the government fail to act in order to curb the rising trend but it adds more or less justified taxes to the already heavy burden of the taxpayer.

I said that the government made no serious effort to curb inflation. As an example of that inaction, I shall only say that since the war in Korea, the government's non-essential spending has reached extraordinary proportions. May I once again quote figures which other members of my party have already mentioned in the house? For instance, travelling and transportation expenses amounted to $4,700,000 in 1939 but in 1949-50 they totalled $23 million; then, publicity for the different departments cost $624,000 in 1939 but today it comes to $6,828,000.

It is obvious that the government, while constantly asking the people to economize and to stop spending, does everything but practise what it preaches.

It must be admitted, it is true, that recently the Post Office Department announced a big economy drive. But for the sake of economy people are being deprived of an essential service. It was decided to limit mail deliveries, a self-supporting service. It is not so much an economy as a reduction in the efficiency of a service. The only savings this government was able to make, on a budget of more than $3½ billion, was to reduce the efficiency of a service without reducing its cost to the taxpayer. Some postmen will lose their livelihood and those who keep their jobs will work longer hours and carry heavier loads.

It must be admitted that as an economy measure, this formula is a bit shabby.

I said a moment ago that the government obstinately refuses to take the necessary and practical means to stop this steady increase in prices.

During the last few months, the cost of living index has gone up at a really alarming rate. As a matter of fact, whereas it had risen by 3 points from January to April 1950, it rose by 7·2 points from January to March 1951, or one month less.

Who can remain indifferent to such a state of affairs? Certainly not the government. I blame it for not imposing price controls where they would bring down prices or, at least, stabilize them to some extent.

Of course price controls would not solve the whole problem. Inflation will not disappear overnight, but we should not hesitate to impose them if they could alleviate this serious situation to any extent.

We are told that most people do not like to see their economy directed by a bureaucracy. That is quite possible, but people are ready for that sacrifice. The unusual number of cards requesting price control which every member here has received in his mail for several weeks is evidence of that fact. Moreover the big labour unions of this country have asked the cabinet to bring in controls, but the government has ignored those representations.

Another means, and a very specific one, which the government should not hesitate to take in order to check inflation would be to put an embargo on the export of beef to the United States. The price of meat, beef especially, has reached a record level in the last few months and the export of beef to our neighbours to the south is one of the main factors of that runaway rise.

That kind of export can only send our prices to a level higher than the one we can afford, for it should not be forgotten that the average wage rate is considerably lower here than in the United States. As long as our beef will sell here at the price paid by our neighbours to the south, our workers will have to do without beef. Our production of milk and butter being reduced as a consequence, the price of these products will reach prohibitive levels. It is astounding to think that in a country such as ours butter sold for 85 cents a pound a few weeks ago.

In that regard may I urge the Minister of Agriculture (Mr. Gardiner) to see to it that his department set a minimum price of butter of at least 62 cents, so that there will not be a shortage next year as happened last month. In fact, by setting the floor price of butter at a lower level than 62 cents, the government discourages the dairying industry and so paves the way for the same shortage which caused the price to reach 85 cents.

Finally, Mr. Speaker, I doubt very much that the new budget will have any other effect than to increase inflation. Undoubtedly the defence of our country requires considerable sums of money, but we must not forget

that if our economy is ruined by inflation, we shall be at the mercy of our enemy. Before going out to fight for democracy we must make sure that it is established on a durable basis in our country.

The Minister of Finance (Mr. Abbott) must necessarily balance the budget and of course he must raise the money required for the defence of our country. These last few years, the government announced outstanding surpluses; it must not be forgotten however that in each case they were due to increased revenues and not to reduced expenses.

It is much more difficult to go in for rigid economy when there is a surplus. Everybody knows that as one's income grows, it becomes practically impossible to refrain from spending.

Moreover, those excess revenues will eventually lead the government into committing itself to extraordinary and unforeseen expenditures. Therefore, I believe that the government should do its best to refrain from helping inflation, by avoiding such expenditures, as well as any taxes which are not strictly required to balance the budget, for taxation bears more heavily on the small taxpayer. It is well to remember that the Canadian dollar today is worth 50 cents, or only half as much as in 1939. It is true that production and salaries have increased, but one must not overlook the problems which face the head of a family who earns, for example, as does the average worker in my county, a little over $40 a week, and who wants to give his children not luxuries, but merely milk, at 18 cents a quart, meat at $1.00 a pound, not to mention rent, shoes, clothing and education.

Even if the head of a family had dreamed of buying his wife a washing machine by saving his full salary for five weeks, his dream would have quickly vanished with the new tax levied on those articles.

Nobody would complain if luxury items were the first to be taxed. Unfortunately the Minister of Finance has a strange notion of luxuries. I think he should ask the Canadian housewife who spends a whole morning cooking for the family, or doing the week's laundry in her washing machine, if these are luxury articles.

In view of the already high prices asked for such things as refrigerators, stoves and washing machines, we cannot help feeling that the new tax on those items is far too heavy.

[Mr. Balcer.]

Finally, I must protest against the fact that the government apparently wishes to protect the liquor industry. If a commodity can indeed be classed as a luxury it is that one. Experience has shown that despite all increases in the price of liquor, sales have boomed. Besides, people were expecting a tax on liquor. Indeed on the eve of the budget liquor stores were stormed by people anxious to stock up. We all know that fancy prices are hardly a deterrent to people who want their liquor.

At all events, a tax should have been levied and the minister's explanations in that connection are both lame and obscure.

Finally, Mr. Speaker, I doubt very much whether the budget, and in fact the whole government program, can help curb inflation, which the Canadian people have the right to expect and are earnestly requesting. I sincerely hope that the house will support the amendment moved by the hon. member for Greenwood (Mr. Macdonnell), as I propose to do.

(Text):

Some hon. Members: Question.

Mr. George A. Drew (Leader of the Opposition): Mr. Speaker, before the question is put to the house I wish to make a few remarks, although it is not my intention now to make remarks that I shall make later on the main motion. As to this amendment, I wish to indicate that I believe its purpose is appropriate in view of the general effect of the budget that has been presented. It has already been said on a number of occasions—and I do not intend to repeat those arguments at the moment—that this budget bears most heavily upon those who are least able to pay any added taxes at this time. Instead of attempting to encourage saving or to ease the pressure on those who are already finding it extremely difficult to meet the greatly increased cost of living, the taxes have been so imposed that they will bear most heavily upon pensioners, upon those on smaller fixed incomes and generally upon those with the least ability to pay. That is particularly true of the sales tax which has been increased by 25 per cent of the amount previously levied. It will bear heavily on those who are already finding prices much too high on the things they need for their daily life.

Then, for reasons which have not been explained satisfactorily at any time since this budget was introduced, taxes have been imposed upon things that can only be regarded as necessities, such as stoves, refrigerators and things of that sort which today we are encouraging people to buy because of the increased rural as well as urban electrification throughout the whole of Canada. In addition to that, there is the fact that automobiles can no longer be regarded as a luxury by many of our people. In many communities today it would be impossible to carry on the ordinary occupations of the people unless many of them had automobiles in which to get to work. As a number of hon. members will know, as a result of the suddenly increased activities of defence plants many workers are driving fifteen, twenty and twenty-five miles a day to work, and some of them more. To them the automobile is a necessity. If, therefore, there were to be increases in taxes, those increases should have indicated some recognition of the difference between an automobile that is a utility, an automobile that will serve the purpose of being a conveyance to those who must have it for that purpose, and an automobile that can properly be regarded as a luxury. Therefore the whole taxing scale should have had some recognition of that fact. Go right through the budget and the same is true. There is no recognition of the fact that today the burden of the increased cost of living is bearing most heavily on those on smaller incomes, and particularly those on fixed incomes or on pensions. For that reason the surtax should not bear as heavily on those who will have the greatest difficulty in meeting those other obligations. For that reason I believe it is appropriate that the surtax should start at a higher level than that indicated in the budget. For that reason I propose to support the subamendment.

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

YEAS

Messrs:

Adamson	Catherwood
Argue	Charlton
Balcer	Coldwell
Beyerstein	Diefenbaker
Blackmore	Drew
Blair	Fair
Brooks	Fairclough, Mrs.
Browne (St. John's West)	Ferguson
Bryce	Fleming
Fraser	MacInnis
Fulton	McGregor
Gagnon	Murphy
Gillis	Noseworthy
Green	Nowlan
Hansell	Pearkes
Harkness	Poulin
Hatfield	Quelch
Hees	Shaw
Herridge	Stanfield
Hodgson	Stewart (Winnipeg North)
Johnston	Thatcher
Jones	Thomas
Knight	Tustin
Knowles	White (Hastings-Peterborough)
Lennard	White (Middlesex East)
Low	Wright—53.
Macdonnell (Greenwood)	

NAYS

Messrs:

Abbott	Harris (Grey-Bruce)
Anderson	Healy
Applewhaite	Hellyer
Ashbourne	Henderson
Balcom	Henry
Bater	Hetland
Beaudoin	Huffman
Bennett	Jutras
Boivin	Kent
Bonnier	Kirk (Digby-Yarmouth)
Boucher	Lafontaine
Bourget	Laing
Bradette	Langlois (Gaspe)
Bradley	Larson
Breithaupt	Leduc
Breton	Leger
Brisson	Lesage
Brown (Essex West)	Little
Bruneau	Macdonald (Edmonton East)
Campney	MacDougall
Cannon	MacKenzie
Carroll	MacLean (Cape Breton North and Victoria)
Carter	Macnaughton
Cauchon	McCann
Cavers	McCubbin
Chevrier	McCulloch
Claxton	McLean (Huron-Perth)
Cleaver	McMillan
Corry	McWilliam
Cote (Matapedia-Matane)	Major
Cote (Verdun-La Salle)	Maltais
Cournoyer	Martin
Crestohl	Masse
Croll	Mayhew
Cruickshank	Monette
Darroch	Mott
Dechene	Murray (Cariboo)
Decore	Murray (Oxford)
Dewar	Mutch
Dickey	Pinard
Dion	Proudfoot
Dube	Prudham
Dumas	Ratelle
Dupuis	Richard (Gloucester)
Eudes	Richard (St. Maurice-Lafleche)
Eyre	Rinfret
Ferrie	Roberge
Fournier (Hull)	Robertson
Fulford	Robinson
Garland	Rochefort
Garson	Rooney
Gauthier (Lake St. John)	Rousseau
Gauthier (Lapointe)	St. Laurent
George	Simmons
Gibson	Sinnott
Gingras	
Gour (Russell)	
Gregg	

Smith (Moose Mountain)	Weaver
Smith (Queens-Shelburne)	Weir
	Welbourn
Smith (York North)	Whiteside
Stick	Whitman
Stuart (Charlotte)	Winkler
Tremblay	Wood—127.
Ward	

(Translation):

Mr. Charles Cannon (Iles-de-la-Madeleine): Mr. Speaker, in rising to take part in this budget debate, I wish, first of all, to congratulate the Minister of Finance on his excellent work.

His budget distributes with fairness to all taxpayers the heavy burden of taxation. Of course, taxes and especially new taxes are never popular. Most people realize, however, that these taxes are rendered necessary by our rearmament. In the present international situation, the expenses to be made in this connection are the price we must pay for our freedom, for the preservation of peace and of our way of living.

In general, the budget was well received by the people. Having received no protest from my constituents in this regard, I am inclined to think it has met with their approval. On the whole, the criticisms levelled against it are unjustified. The budget, it is said, is not based on the taxpayer's ability to pay. Criticisms in this connection are directed mainly against the increased income and sales taxes. The increase in income tax, as of July 1, being 20 per cent of the present tax, is certainly based on the individual's capacity to pay. Those who, up to now, have only paid a small tax, will now pay a slightly higher tax and those who were paying a heavy tax, will have to pay even more. The new tax certainly takes into account the people's capacity to pay, since it is based on the present tax, which in turn is calculated on the taxable income after deduction of all personal exemptions to which the taxpayer is entitled.

The government is also being blamed for increasing the sales tax. It has been said that it strikes too heavily at the low income group. As stated by the Minister of Finance in his remarkable speech, the sales tax does not apply to all necessities of life. There are numerous exemptions. Ninety-five per cent of foodstuffs are exempt. All fuels and building materials are free from tax. I believe it can be said that two-thirds of the average Canadian family's expenses are not affected by the sales tax. According to a recent survey made among people earning less than $3,000, only one-third of the total revenue is spent on goods subject to the sales tax. It is therefore incorrect to say that the sales tax is unfair and backward.

Our opponents object to the 15 per cent tax on gas and electric stoves, as well as on mechanical refrigerators and washing machines. They feel sorry for young married couples who will have to pay more for these articles. I think that their sympathy is out of place. These are luxury articles and under present conditions I believe the government did well in taxing them. The percentage of newly married couples who bought these articles, even before the new taxes, was comparatively low. As far as I am concerned, I had been married several years before I could afford the luxury of an electric stove and refrigerator; in rural districts and especially in my constituency of Iles-de-la-Madeleine, these articles are rather scarce.

Opposition members also claim that corporation taxes are too low. Right now, the two taxes on corporation profits, the federal tax and the provincial tax, absorb more than 50 per cent, 52·6 per cent to be exact, of a corporation's net profits. If the tax were to be increased further, its effect would be to discourage the investment of foreign capital in our province, a capital we badly need to develop our natural resources. The ones to suffer would be the worker and the farmer.

Indeed, if new industries are not established, if the existing industries are not expanded, that will mean so many new jobs that will not be created, so many unemployed who will not find employment and, with the resulting drop in the worker's purchasing power, the farmer will inevitably be affected since the price of agricultural products will necessarily have to drop. There are, therefore, as regards corporation taxes, certain limits which it would be dangerous to exceed.

These taxes, as I indicated earlier, are not popular. In proposing them the government has had to choose the least of many evils. The house knows, Mr. Speaker, that no government likes to impose new taxes. It is an unpleasant duty which they have to perform and which they do not relish any more than do the taxpayers who have to pay, among whom may be found, let us not forget that, the ministers themselves who impose these charges.

This duty is thrust upon them by the international situation and by the fact that free peoples find themselves obliged, much against their will, to arm themselves and to combine these armaments in order to resist communist aggression which, ever since 1945, when we thought the war had ended, has not ceased to attack and enslave free people who were in no condition to defend themselves. This went on until the United Nations called a halt to it by going to the defence of Korea.

People who are sincere and as well informed as are the members of this house know that our own government, as well as those of our democratic allies of the second world war, had but one desire: to put an end to the armaments race, to enjoy a long period of peace, to reduce taxes and to develop our resources for the welfare and the prosperity of our people. Our government gave evidence of its peaceful intentions when it demobilized as soon as possible and sold the war material, the equipment and even the buildings it thought were no longer needed for national defence.

Therefore I regret, Mr. Speaker, that during this debate the government should have been taken to task for selling war material it thought would no longer be required. I am sorry too that speeches were made in this house to extol peace—as if we were not all in favour of peace—with the cynical suggestion that people are willing to pay taxes for peace activities but not for war purposes.

I mention this in passing, Mr. Speaker, because my impression is that talking like that in this house is an easy way of becoming popular with those who do not consider the situation fully, but it certainly does not help the people to accept the necessary sacrifices which we must absolutely impose upon ourselves to save from communism our liberties, our institutions and even our religion. Let us not forget how the Roman Catholic religion was persecuted in the countries behind the iron curtain. We must be realists and understand that unfortunately it is not by speaking in praise of peace that we will prevent the communists from attacking us.

Mr. Speaker, when the Minister of Finance presented his budget he told us he had two main objectives: the preservation of peace and the control of inflation. He told us about the steps to be taken to achieve this last objective, but he also said that the government was not ready at this time to set up price controls.

The Prime Minister, our respected leader, has explained the motives upon which the government based its decision. I have listened with great interest to these explanations. However, I feel I must call the attention of the government and of the Minister of Fisheries (Mr. Mayhew) in particular to the serious effects of this decision not to impose controls, however sound it may have been, on the fishermen who constitute 85 per cent of the population of my constituency.

The cost of living has gone up in the Magdalen islands too, even more than elsewhere because of the higher cost of air or sea transport, the only way the islands can be supplied with many of the necessities of life. Fishing tackle, boats, engines, nets, fishing gear, gas and motor oil, are all a great deal more expensive. On the other hand, the price of fish is coming down and fishermen are in a difficult and very special situation.

True, the cost of living has gone up throughout the country, but for most Canadians higher costs have been at least partly offset by wage increases or, in the case of farmers, by higher prices for their products. But not so for the fishermen of the Magdalen islands. The high cost of living, combined with low prices for their fish, is almost unbearable for them and the oldest industry in Canada is in a most critical condition as a result.

Petitions signed by almost all fishermen on the islands have been sent to both the federal and provincial ministers of fisheries and their deputies. The preamble of those petitions is identical. I shall read it to the house, because it indicates the state of mind of the petitioners.

Whereas for the last few years and especially since 1945 the fishermen's condition has become so critical that their industry is expected to collapse from one season to the other. Every year an increasing number of fishermen quit their trade to earn a better living elsewhere. The fisherman cannot earn a living when his costs are greater than his income. This is very often the case since the cost of living has been increasing and the price of fish has had a tendency to decline;

Whereas the cost of living has increased at a more alarming rate here than elsewhere because of transportation charges which have doubled and even tripled during the last decade;

Whereas fishing gear has become a luxury because of its exorbitant price, making it impossible for fishermen to renew their tackle, so much so that they are now obliged to give up their trade or to operate at a loss;

In the islands, three types of fishing make up the main and practically only industry of the ten thousand inhabitants: lobster fishing, mackerel fishing and cod fishing. Since the end of the war, the price of the gear necessary for these types of fishing has doubled and even tripled, whilst the price of

fish has declined instead of going up with the rest. Thus a lobster cage or trap which formerly sold for $1.25 now costs $2.75. A mackerel net has increased from $18 to $45 and the cod trawl has doubled in price. Everything used for fishing, from rubber clothing to gasoline, has greatly increased, while the price of fish has decreased as follows: lobster, 3 cents per pound; cod has gone down to about 2¼ cents a pound and mackerel in the same proportion;

Whereas the lack of balance caused by the rising prices of fishing gear and the decrease in the price of fish greatly affect the fisherman's budget and also the economy of all the islands;

Whereas the fishing trade, while the oldest of the country, is still the least remunerative;

And whereas the fisherman believes his trade important enough to warrant the authorities' interest so that he may enjoy a living standard comparable to that of other Canadians . . .

The fishermen then request from the provincial government insurance on fishing gear and a subsidy on fishing boats.

As for the subsidy for fishing craft, the federal government's order in council P.C. 1919, dated May 22, 1947, empowers the Minister of Fisheries to pay fishermen subsidies of $165 per ton for the building of fishing craft not less than 55 feet long. This order in council authorizes the payment of these subsidies for the fishermen's benefit through fishermen's loan boards to be set up by the provinces.

As there are, as yet, no such boards in the province of Quebec, our fishermen cannot benefit from these loans. I have already mentioned this matter in the house when I suggested, in my speech of September 28, 1949, which is reported at page 325 of *Hansard*, that the provincial government set up the required organization so that the fishermen of the Magdalen islands might benefit from these subsidies.

I am happy to say that following correspondence and interviews between the federal and provincial ministers of fisheries, the federal government is now considering an amendment to the order in council so as to reduce to 45 feet the length of fishing craft eligible for the subsidies; this would meet with the views of the Quebec provincial government, which is in favour of building boats shorter than 55 feet, the length provided. I am also told that the government of the province of Quebec will establish the necessary organization so that these federal subsidies may be paid to the fishermen of Quebec province, as they are already paid to those of New Brunswick and Nova Scotia.

The building of larger ships would be a great boon to the fishermen of Quebec province in general and to those of Magdalen islands in particular. With such ships, fishermen could go further offshore, make longer trips and bring in larger hauls. I am sure that is the best solution to the fishermen's difficulties. These changes, when they come, will be a fine example of federal-provincial co-operation.

The brief presented by the fishermen to the federal government requests:

(1) a support or floor price in line with the present cost of living;

(2) price controls on essential fishing gear and

(3) extension of unemployment insurance to fishermen.

Let us study these requests one by one.

As far as price support is concerned, there is a federal organization known as the fisheries prices support board. I have had several interviews with this board and with its technical adviser.

In order to stabilize the price of fish, the board is authorized to fix a floor price. If fish is sold at a lower price, the board is empowered to pay the fisherman the difference between the floor price and the actual selling price.

I have had long interviews with the Minister of Fisheries as well as with the deputy minister and their technical advisers. I take this opportunity to thank them for the time and attention they have been so kind as to give the problems of my constituents.

There would of course be two ways of fixing a floor price, either before or after the fishing season.

I asked, Mr. Speaker, that the price be set before the beginning of the fishing season. In other words let the government guarantee the fishermen a certain minimum price fixed in advance. After the matter was thoroughly discussed and the effects of such a policy carefully considered, I was told that if the government fixed a minimum price and guaranteed to pay the difference, if the buyers paid less than that price, the effect would be to disorganize the fish market. In fact, the buyer would naturally be inclined to pay a very low price and the fishermen would not have much to gain in asking more, for both would know that the government would pay the difference. It would be practically impossible for the government to protect itself against the buyers in such a case.

Furthermore in setting up a guaranteed minimum price before the marketing season

the government would hinder the marketing of fish products on the ultimate markets. In fact, these buyers knowing that the government would pay a subsidy to the fishermen to compensate them would also be tempted to pay less for the products offered to them. Such subsidies would also cause us difficulties with many countries with which we have trade agreements. The paying of subsidies would stop the exporting of our fish to many of those countries, particularly the United States, because subsidized commodities are subject to embargo and high duties.

I therefore think it would not be practical to set up in advance a minimum price for fish.

The only solution would therefore be for the prices support board to make a payment to the fishermen at the end of the season if the prices received were not sufficient to ensure them an adequate return.

Obviously, Mr. Speaker, the federal government cannot make rules for the special use of the Magdalen islands. If the fisheries prices support board sets a minimum price for cod, mackerel, lobster, and so on, the price applies to all Canada, Newfoundland included. Before establishing a price, the government has to know the size of the catch in Newfoundland and the price it has fetched. The government knows the price that applied in 1950 to all parts of the country with the exception of Newfoundland where complete statistics on the catch and on the prices have never been kept. The fisheries prices support board is now making a survey of the situation in Newfoundland. As soon as the government has the figures concerning the amount of fish caught in Newfoundland and the prices which prevailed, it will decide upon the advisability of fixing a minimum price for 1950, and, if applicable, will determine the amount.

I urgently request the Minister of Fisheries to seriously consider the situation in which the fishermen in my riding find themselves, when the question of support prices for fish comes up for discussion.

According to the information I have, the fish prices support board has not yet exercised its powers to set floor prices for fish and to make payments to fishermen. I respectfully suggest to the minister that the time has come for the board to exercise those powers.

I hope, therefore, Mr. Speaker, that the survey which is now being made in Newfoundland by this government will warrant setting a floor price for fish and that the first request of the fishermen will be granted. If the price paid in Newfoundland happens to be higher than that paid in the Magdalen islands, let the former be set as the floor price, and let the difference be paid to the islands fishermen.

The second request in the brief of the fishermen deals with price controls on fishing gear. It is unfortunately impossible to put a ceiling on prices of fishing gear without imposing general price controls, and, we all know, the government is not yet ready to take this step.

However, the budget does contain provisions to help the fishing industry. One will permit free entry of diesel engines for ships used exclusively in commercial fishing. The other will enlarge the scope of provisions already exempting from customs duties fishing nets and fishing lines, so that they will cover nets or lines manufactured from any kind of material.

The dominion government is also doing its share in keeping the price of fishing gear as low as possible, by exempting it from the sales tax.

In its issue of April 10 last, *Le Devoir* published interesting figures showing the difference between the price of fishing gear in 1944 and 1950.

I have checked the list and found that the following items are exempt from tax: rope, lath for lobster cribs, lumber for boats, hand fishing lines, fish nets, barrels used for the salting of fish and motors used in fishing boats.

Among articles used solely by fishermen, only rubber boots and clothing as well as motor oil and gas are subject to the sales tax. I will make representations in order to have those articles exempted from the tax.

Thirdly, fishermen request unemployment insurance benefits. As early as last spring, one year ago, I made representations to the unemployment insurance commission and the Department of Labour in order to bring fishermen under the act. The unemployment insurance commission began a nation-wide survey to secure the necessary information and data before reporting on this request. I understand that the report is in preparation and hope that the government will be able to include fishermen in the benefits of this legislation which has already been extended to lumberjacks.

If it is not possible to apply it immediately to fishermen who are not employed on a salary basis, I suggest that it be extended at least to salaried fishermen's help. That would be a first step in the right direction.

I hope, Mr. Speaker, that the government and in particular the Minister of Fisheries will take these requests into earnest consideration.

I felt it was my duty . . .

(Text):

Mr. Drew: Mr. Speaker, in extending—

Mr. Speaker: Order. On a point of order, the leader of the opposition.

Mr. Drew: Mr. Speaker, there has been an indication of the willingness of the house to extend time for the hon. member, but I think we should know how many more pages he is going to read before we extend it any further.

Mr. Cannon: I have just a few lines left.

Mr. Drew: The hon. member has read seven pages since he indicated he was about finished. I think we should know how many more he is going to read.

Mr. Cote (Matapedia-Matane): How many more do you want?

(Translation):

Mr. Cannon: I would like to tell the leader of the opposition that I have finished. I felt it was my duty to state these requests during the debate on the budget, since they express the will and the desires of almost all my constituents.

(Text):

Mr. Drew: Mr. Speaker, I move the adjournment of the debate.

Motion agreed to and debate adjourned.

BUSINESS OF THE HOUSE

Mr. Fournier (Hull): Mr. Speaker, tomorrow we shall continue this debate, and after the vote we shall take up the budget resolutions.

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

HOUSE OF COMMONS

Wednesday, April 25, 1951

The house met at three o'clock.

RAILWAYS AND SHIPPING

Third report of special committee on railways and shipping owned, operated and controlled by the government.—Mr. Cleaver.

STANDING ORDERS

CONCURRENCE IN FIRST REPORT OF STANDING COMMITTEE

Mr. Matthew MacLean (Cape Breton North and Victoria) moved that the first report of the standing committee on standing orders, presented on April 23, be concurred in.

Motion agreed to.

QUESTIONS

(Questions answered orally are indicated by an asterisk.)

DUTIES AND TAXES COLLECTED IN NEWFOUNDLAND

Mr. Browne (St. John's West):

What amount of money was collected in Newfoundland, for (a) income tax; (b) succession duties; (c) customs duties; (d) excise duties, for the respective years April 1, 1949, to March 31, 1950, and April 1, 1950, to March 31, 1951?

Mr. McCann:

Fiscal year ended 31st March	(a) Income Tax Collections	(b) Succession Duties Collections
1950	$ 4,077,867.03	$ 86,082.42
1951	$10,855,407.33	$232,871.55

(The figures for the fiscal year ended 31st March, 1951, are preliminary and subject to revision.)

(c) Customs duties

Fiscal year 1949-50, $3,407,441.40; Fiscal year 1950-51, $3,467,699.57 *(eleven months to February 28, 1951.)

(d) Excise duties

Fiscal year 1949-50, $1,340,856.14; Fiscal year 1950-51, $1,409,221.68 *(eleven months to February 28, 1951.)

*Revenue returns from the province of Newfoundland furnished for eleven months to February 28, 1951, as returns for month of March, 1951, are not complete.

CANADIAN NATIONAL RAILWAYS SECURITIES TRUST

Mr. Balcom:

1. Of the $1,327,122,892.41 assets, as shown in annual report of the Canadian National Railways security trust, what is the estimated present market value?

2. What amounts, in the way of expenditures, if any, are charged against this trust fund?

3. What is the nature of the charges?

4. What amount is paid to the firm of George A. Touche & Company, accountants, for services rendered in connection with this fund?

Mr. Benidickson: The Canadian National Railways advise as follows:

1. The amount represents prior indebtedness to government by system companies and has no market value.

2. Nil.

3. See answer to No. 2.

4. The Canadian National Railways securities trust is a corporation comprised within the Canadian National railway company, and the audit of the national system includes the securities trust.

COMBINES INVESTIGATION ACT

Mr. Diefenbaker:

1. How many cases of alleged domestic combination in restraint of trade have been investigated under the Combines Investigation Act since the first day of January, 1950?

2. (a) Have any reports of investigations under the said act been made by the combines commissioner to the Minister of Justice since the first day of January, 1950; (b) If so, respecting what commodities?

3. How many complaints of alleged injurious restraints of trade have been received by the combines investigation branch during the said period?

4. What prosecutions, if any, arising out of any investigations that have taken place since the first day of January, 1950, have been initiated or launched?

5. Have any actions been taken in the said period by the Minister of Justice or the combines investigation branch in the exchequer court to impeach any patents? If so, how many of such actions have been taken, and against whom?

Mr. Garson:

1. (a) Inquiries into two industries, commenced prior to January, 1950, have been continued and are in advanced stages. Of these, one comprises six distinct and major branches and the other comprises two distinct and major branches.

(b) In two additional cases commenced after January, 1950, preliminary reports were made to the minister to the effect that

the evidence obtainable did not definitely indicate a combine but the situations would be kept under surveillance. One of these related to the sale of bread in a maritime province, and the subject of the other cannot be disclosed without danger of prejudice to further inquiry.

(c) In one additional case commenced after January, 1950, extensive hearings were held and an interim report is under preparation. The subject matter cannot be disclosed for reasons similar to those above mentioned.

(d) In addition to the foregoing, there are a large number of matters commenced after January, 1950, in various preliminary stages of inquiry, but it is not known at their present stages which or how many of them will lead to formal investigation.

2. (a) Answered by No. 1; (b) answered by No. 1.

3. Seventy-five, none of which was a formal application under section 11 of the act. Some such complaints were bare assertions of the existence of a combine, and many others indicated no substantial evidence. These complaints were all examined, and, where the evidence submitted or obtained justified, they have been carried into various stages of inquiry or investigation. In addition to these seventy-five cases, trade in many other commodities, in respect of which no complaints were received, was examined upon the initiative of the commissioner.

4. No prosecutions have been initiated or launched with respect to matters arising out of inquiries subsequent to January 1, 1950. Prosecutions since January 1, 1950, have been taken with respect to an alleged combine in the distribution and sale of flat glass in Ontario and Quebec; with respect to an alleged combine in the bread-baking industry in Saskatchewan, Alberta and British Columbia, and with respect to an alleged combine in the manufacture, distribution and sale of wooden matches throughout Canada. These prosecutions arose out of investigations completed prior to January 1, 1950.

5. No. Two actions commenced prior to January 1, 1950, are now on appeal in the Supreme Court of Canada.

STEAMSHIP SERVICES—BRITISH COLUMBIA COASTAL WATERS

Mr. Pearkes:

1. What companies are engaged in the carriage of freight and/or passengers in the coastal waters of British Columbia?

2. Which of these companies operating in the coastal waters of British Columbia receives subsidies from the federal government?

3. What are the amounts of the subsidies paid to the respective companies?

[Mr. Garson.]

4. What is the gross revenue of the companies in receipt of these subsidies?

Mr. Benidickson:

1. No complete official records are available. Many of these companies operate under provincial charters.

2. (a) The Canadian Pacific Railway, for the operation of the Victoria and west coast-Vancouver island service.

(b) Union Steamships Limited, for the operation of services between Vancouver, northern British Columbia ports and Queen Charlotte islands.

3. (a) $100,000 per annum; (b) $345,000 per annum.

4. It is not the policy to disclose financial information which is provided confidentially by companies operating subsidized services.

GOVERNMENT ANNUITIES

Mr. Catherwood:

What is the total amount of government annuities purchased by the people of Canada during the years 1949 and 1950?

Mr. Gregg:

Amount of annuity contracted for:

Calendar Year	Individual Contracts	Group Registration Certificates
1949	$3,956,357.00	15,234 *
1950	3,807,253.00	12,965 *

* These figures represent the number of new employees registered under group contracts during each of the calendar years 1949 and 1950. The amount of annuity which will ultimately be purchased by these employees cannot be determined at this time, since it depends on length of service with their company, age, and amount contributed on their behalf during the period of employment. The average amount of annuity already being paid under group contracts is approximately $500.

QUESTIONS PASSED AS ORDERS FOR RETURNS

FEDERAL ASSISTANCE TO AND CONTRACTS WITH VARIOUS COMPANIES

Mr. Noseworthy:

1. What financial assistance, if any, was given by the federal government to Massey-Harris Company, John T. Hepburn Company, Dominion Radiator Company and Dominion Bridge Company, during the years 1939 to 1945 inclusive, in the form of subsidies, loans and special depreciation for buildings and equipment?

2. What is the total value of government contracts awarded to each of these companies during the years 1939 to 1945 inclusive?

Mr. Bradley: Return tabled.

TRADE OFFICES

Mr. Catherwood:

1. What countries maintain trade offices in Canada?
2. In what countries does Canada maintain trade offices?

Mr. Lesage: Return tabled.

RAILWAYS

ALLOCATION OF BOX CARS FOR MOVEMENT OF WESTERN GRAIN

On the orders of the day:

Mr. J. G. Diefenbaker (Lake Centre): I should like to direct a question to the Minister of Transport, on a matter which has been up before. Today I received several strong representations from several towns in Saskatchewan, asking whether the minister is in a position to say what has been done since he last reported on the question of the securing of necessary cars to move the wet and damp wheat. The situation is very serious in certain places where the elevators are congested and marketing is at a standstill.

Hon. Lionel Chevrier (Minister of Transport): The hon. gentleman was good enough to advise me that he would ask this question, and I have prepared a statement which I think covers the position as of today.

On April 9, when I placed on *Hansard* a summary of the situation as it was then, I stated that the last date for which data were available was April 6, and that indicated an unfavourable balance to Canadian lines of 10,805 box cars. On April 13 there were 18,129 United States box cars in Canada and 28,620 Canadian box cars in the United States, leaving an unfavourable balance of 10,491, or a reduction of some 300 cars from the previous report. One week later, on April 20, there were in Canada 18,882 United States cars, while Canadian cars in the United States had dropped to a total of 26,315, leaving an unfavourable balance of only 7,433. This indicates, therefore, that between the height of the unfavourable balance of 18,000 in early March to April 20 there has been an improvement of some 11,000 cars.

As to the problem of the movement of grain in western Canada, the committee to which I referred during the discussion of my estimates held a meeting early this week, and it gave to the situation full consideration. I was advised this morning by the deputy minister of transport that grain is moving rapidly from the head of the lakes to eastern Canada, and that at the end of this month it is expected that 27 million bushels of grain will have moved. In other words, we shall be ahead of shipments by that amount over last year, in that at this time last year navigation had not yet opened.

The situation in Vancouver is not quite as favourable as the chairman of the wheat board would like to see it, and that is without doubt the most pressing problem at the moment. We have, however, the assurance from our two major railways that an improvement should take place within the next few days, as more and more box cars are being diverted to grain traffic. From 350 to 400 empty box cars are moving west from the east each day, and that will continue until the full quota necessary to move the wheat crop is on western lines. My last information indicates that there are nearly 45,000 box cars in western Canada at the present time, which is still some 4,000 less than last year. Some three weeks ago, however, the figure stood at 9,000 cars less than last year.

The box car shortage in the western United States has eased up considerably, and Canadian cars will now return directly to western Canada. This will also contribute to improving the situation generally and relieve the railways of a long haul in the movement of empty cars from eastern Canada.

Consideration is also being given by the railways and the wheat board to the operation, if necessary, of special trains on branch lines when there is sufficient traffic to warrant their operation. In any event, I can assure the house that every aspect of the problem is being carefully looked into by the committee to which I referred, and any measure which will help to improve the utilization of box cars in western Canada will be taken.

Mr. Argue: May I ask a supplementary question? Is it the opinion of the minister, on the basis of the information he has, that the situation will improve to the extent that all of the 1950 crop may be moved off the farms?

Mr. Chevrier: The report which I have made indicates that a great deal of progress has been made, and beyond that I would go no further.

Mr. Fraser: I should like to ask the Minister of Transport a question. In order to keep this grain moving by water, what steps are being taken to eliminate the constant delays on the Lachine canal such as we have had since the canal opened this season? Ships were tied up—

Mr. Chevrier: Any repairs which have been made to the locks on the Lachine canal would not in any way impede the movement of the 27 million bushels of wheat to which I referred a moment ago.

Inquiries of the Ministry

Mr. Fraser: A number of ships were held up for many hours this month in the Lachine canal owing to power break-down. I should like an answer.

Mr. St. Laurent: You are not asking a question; you are making a statement.

FLOOD CONDITIONS

TORONTO ISLAND—INQUIRY AS TO FEDERAL GOVERNMENT ASSISTANCE

On the orders of the day:

Mr. Donald M. Fleming (Eglinton): May I direct a question to the Minister of Public Works? In view of the disastrous flooding and erosion at Toronto island and the federal interest in Toronto harbour, will the Minister of Public Works indicate what assistance the government is prepared to render there to withstand the onslaught of high water eroding the shore?

Hon. Alphonse Fournier (Minister of Public Works): This is the first time that I have heard of the situation in Toronto. Be assured that I will look into it and do my best for that grand city.

Mr. Graydon: You had better come down this week end.

COMBINES INVESTIGATION ACT

NEWSPRINT INDUSTRY—EFFECT OF GOVERNMENT CONTROL ON POWER OF INQUIRY

On the orders of the day:

Mr. Stanley Knowles (Winnipeg North Centre): May I direct a question to the Minister of Justice? Will the placing of newsprint under government control, as announced a few days ago by the Department of Defence Production, affect in any way the right of the combines investigation commissioner to inquire into that industry if he wishes to do so?

Hon. Stuart S. Garson (Minister of Justice): My hon. friend has given me no notice of this question; therefore I had better take it as notice and bring down an answer tomorrow.

CATTLE

COMPENSATION FOR T.B. REACTORS

Mr. Robert McCubbin (Parliamentary Assistant to the Minister of Agriculture): Yesterday, the hon. member for Huron North (Mr. Cardiff) asked the Minister of Agriculture a question which I should like to answer at this time. The question is:

I should like to ask the Minister of Agriculture a question with regard to the cattle in my district that have reacted to the tuberculin test. The farmers have not yet been paid for the animals that have been condemned. It is now six months or more since the test was made. Many of the farmers had to replace the cattle and borrow the money to do it. Why has this money not been available?

[Mr. Chevrier.]

The answer to this question, Mr. Speaker, is that all claims that have complied with departmental regulations have been paid. There was a short delay during the month of March, as the amount of money that was in the estimates to pay for t.b. reactors ran out along about the end of February, and until the supplementary estimates were passed at the end of March, no money was available during that month. But all these cheques went out the first part of April, so that the money will be in the farmers' hands long before now. There are still some sixty-five claims in the county of Huron that have not been paid, but as soon as they comply with the regulations they will be paid.

HOUSE OF COMMONS

VISITORS IN GALLERY—STUDENTS OF LACHINE HIGH SCHOOL

On the orders of the day:

Mr. Edgar Leduc (Jacques Cartier): May I be permitted to inform the house that we have seated in the gallery 120 students from Lachine high school? I do not know their party affiliations, but I do know that they are among the best pupils in Lachine and vicinity.

THE BUDGET

ANNUAL FINANCIAL STATEMENT OF THE MINISTER OF FINANCE

The house resumed, from Tuesday, April 24, consideration of the motion of Hon. Douglas Abbott (Minister of Finance) that Mr. Speaker do now leave the chair for the house to go into committee of ways and means, and the amendment thereto of Mr. Macdonnell (Greenwood).

Mr. George A. Drew (Leader of the Opposition): Mr. Speaker, I think it is fair to say that those who criticize this budget do so in no spirit of hostility to the government because it is called upon to levy greatly increased taxes.

Mr. Cruickshank: Is that the big lie?

Mr. Drew: Every hon. member knows that Canadians, along with the people of every other free nation, must spend large sums to strengthen their defences now and in the years ahead. We know that greatly increased expenditures must be made for that purpose. What we have criticized, and what we have really hoped the government might still reconsider, is the fact that this budget will do nothing to hold down the cost of living,

but that on the contrary it will increase the cost of living by the very way in which the taxes are levied.

In the course of this debate the attitude of the government has been very largely that all is well, that there is no need to do anything about the cost of living or the inflation we see taking place day by day. The interesting fact is that no one has come forward from or on behalf of the government to answer in any way the analysis of the budget made by the hon. member for Greenwood (Mr. Macdonnell), and others who followed him in the debate.

It should be remembered that just before the budget was introduced a motion was brought before the house calling for consideration of the increased cost of living. At that time it was said on behalf of the government that it was unfortunate that the motion had been made at that particular time, because the budget which was to be introduced on the following day would indicate the measures the government intended to take to control the cost of living and to deal with inflation. Therefore we looked for something in the budget which would vigorously and directly tackle this major domestic problem. Instead of that, the budget indicates no positive action by the government to deal with the rapidly rising cost of living and with the inflation which goes hand in hand with it.

In many of the discussions which are taking place outside the house it is noticeable that there is not the same concern about inflation in some quarters as there is in others. There is no doubt about what people on pensions, people on small incomes and the average worker think about the cost of living at this time. There is no doubt about the seriousness of the problem confronting every housewife in Canada today. Nevertheless there are arguments put forward which indicate that there are others who do not take the same attitude.

It is necessary for us to remember that there are people who do not mind inflation. It is necessary for us to remember that there are people who appear to benefit temporarily by inflation. Perhaps there are some hon. members who are aware, and who may have acted upon their awareness, that during a period of continuing inflation there are apparent gains to be made in the stock market, and there are similar gains to be made which are not so openly disclosed day by day—simply through the artificial process of increasing prices.

For the time being those who realize these apparent benefits do not object seriously to inflation—that is, so far as it affects activities of that kind. What is necessary for all of us to remember, however, is that ultimately no one benefits by inflation, because either we go on endlessly to the point where money is degraded to the extent that it has very little real value, or the inflation is halted; and that at the point at which it is halted those who apparently benefited must, like everybody else, pay the penalty of the inflation in what they hold, whether it be in the form of property, investments or otherwise.

For that reason there is no person who in the end really benefits by inflation. But as representatives of the people the important thing for us to remember is that no matter how many persons may seem to benefit temporarily, the overwhelming majority of the people in Canada and in other countries are not in a position to take advantage of any of the devices by which some of the impact of inflation can be avoided. They are the ones who suffer; they are the ones who are the least able to suffer.

It is because of that fact that there is no other subject, even including national defence itself, which calls more urgently for consideration than the inflation which is now taking place, with its inevitable result, a constant increase in the cost of living. There is however this fact that we must also remember when we consider national defence. It was pointed out by the Minister of National Defence (Mr. Claxton). Speaking in the United States not long ago, he referred to the difficulty there would be in meeting some of our defence requirements because of the increased costs that are developing day by day. As inflation increases, our ability to produce the machines, weapons and equipment for defence is lessened in exact proportion to the amount of inflation that has taken place.

Therefore we are dealing not only with the plight of the majority of Canadians who are attempting to meet obligations in their own homes and in their lives from day to day, but with the vitally important question of defence, upon which the future security and perhaps the very survival of this country as a nation is going to depend.

It is with that approach to the seriousness of the question that I put forward the arguments I shall present, in the hope that even at this stage the government will be prepared to reconsider some of the inflationary taxes it has announced it intends to impose. Already there has been reference to the famous statement of Lenin, that to create revolution you need only to wreck the currency of a country.

Mr. Abbott: "Debauch" is the word he used if you wish to be accurate.

Mr. Drew: The truth of that is obvious, because in countries where currency loses its value—and may I say it has lost its value, and completely lost its value, in countries where there were ministers of finance just as confident as the Minister of Finance in this country, and just as over-confident in their assertions of their own ability to meet the problem—in those countries, with a long history of government behind them, they have seen the value of their currency disappear entirely. In many of those countries there has been revolution and a spread of communism, for no reason other than the fact that the fertile soil was prepared to receive the argument that the system which had permitted conditions of that kind was not a system worth preserving.

When I argue, and I am sure when others do, that every possible step should be taken to protect the living standards of our people, we are arguing both for steps which will assist our people to meet these tests that are going to continue for many years, and also for the one thing which will preserve confidence in this system which we are trying to preserve by the vast expenditures we are pouring forth on defence.

That being so, we must approach this whole problem with the recognition that everything that is done to save and protect our currency, everything that is done to hold down the cost of living, is not done simply for the comfort and benefit and happiness of our people, vitally important though that may be, but also because it is part and parcel of the vast struggle which is taking place today throughout the whole world against the threat of communism.

When we were told that the budget was going to deal with these things, it was not only the members of this house who thought that they would be hearing some important announcement. As usual, reports had gone out over the wires—from supposedly reliable sources, as they are described without any name being attached—indicating the important steps that were to be taken by the government to deal with this problem. But instead of dealing with the problem, the government has actually aggravated it by following a course which in itself is inflationary, even if the inflationary trend had not already been apparent.

The budget is inflationary, and the Minister of Finance has made it clear that there were other methods that could be employed. He has made it perfectly clear to the members of this house, and through this house to the people of Canada, that this is only a stopgap, and that if this whole condition continues, other devices will be employed. I suggest that the situation has already been reached where those other devices should have been employed and when other taxing methods should have been applied.

There are many ways in which this budget is inflationary. One of the important ways in which it is inflationary is that there is a clear indication that this budget is intended to produce a larger surplus than the surplus indicated in the formal announcement of the Minister of Finance. When some question was raised in regard to this by the hon. member for Greenwood, the Minister of Finance said—I am not quoting the exact words, but I feel sure he will agree this is their effect—"Of course you are forgetting the debt retirement."

One of the principles of the preparation of a budget is that the members of the house should know exactly the purpose for which they vote money. If the intention is to have a certain debt retirement, then that should be indicated in the budget. Certainly members of this house will support the idea of debt retirement, and certainly members of this house will support every sound measure when it is put forward and properly explained.

The Minister of Finance does not answer in any way the unchallenged statement that there has been a huge miscalculation, reaching many hundreds of millions of dollars, by simply saying to the house, "We had a surplus, but we applied it on the debt." If there is to be debt retirement, then it is for the members of the house to say there is going to be debt retirement, and how much it should be. Anything else simply means that the budget statement deceives the representatives of the people. No matter how worthy the declared object may be, that in no way lessens the incorrectness of a course of that kind in preparing a budget for this house.

It is obvious also that the Minister of Finance is budgeting in the belief that this inflation is going to continue. In his budget statement he bases his tax estimates on a gross national product for the coming fiscal year of $20 billion. There could not be such a gross national product in this coming year unless there is further inflation.

Mr. Abbott: Oh, rubbish!

Mr. Drew: The Minister of Finance knows perfectly well that while there is going to be a very large increase in the gross national product from increased production, there is no

contemplated expenditure on increased production in this country that will take up the increase that would bring us up to $20 billion. The Minister of Finance has admitted perfectly frankly that a large part of these surpluses was made up of apparent increases in tax collections because of the effect of inflation, and it is obvious that the minister is contemplating that possibility in the months ahead.

Let us come to the question of price control. Some members of the government outside this house have rather appeared to seek commendation by statements that they do not intend at this time to introduce price controls. It is not necessary, therefore, to examine this situation from the point of view of what the government itself has stated. The fact is that the principle of price control has been established in this house by this government and not by anyone else.

It was the government itself that stated that it was preparing to impose price control. The government did so when the emergency bill was introduced last September. The stated purpose of the wide powers in that bill was to be able to deal with the effect of the special expenditures that were to be made on defence. Then we come to the bill that was introduced and which became law during the present session, the Emergency Powers Act. The minister who takes the credit for drafting that bill, who informed us that he was responsible for the drafting, the Minister of Trade and Commerce (Mr. Howe), stated that the extremely wide powers in the bill were for the purpose of price control.

This, then, is no longer an issue so far as the government is concerned. The government has established the principle. The government surely cannot tell us that the intention behind the Emergency Powers Act is not to introduce price control when it got that bill passed by this house with the statement that it was. That certainly would be improper and beyond the point that one could easily contemplate, even with this government.

It should be remembered exactly what the Minister of Trade and Commerce did say in regard to this measure before it came to the house. He is reported on page 185 of *Hansard* of February 8, 1951, as saying:

> At its last session, parliament enacted a measure authorizing the government to control prices of materials where shortage is caused by defence purchases.

Do not let any member of this government suggest that someone else has introduced the subject of price control here. That is what the minister said in a speech before the bill was introduced to the house. Then the minister went on to say:

> Up to the present time, defence purchases have not been of sufficient volume to be in themselves responsible for shortages, although prices of steel and other war materials have been kept under close observation. Obviously a more comprehensive price control bill is needed for any effective control of the Canadian economy, and it is such a bill that you will be asked to consider.

These are the words of the Minister of Trade and Commerce, the man responsible, according to his own statement, for the drafting of the bill. His explanation is that the wide powers were necessary so that there could be price control where government buying forced up prices artificially. The principle being established, the question therefore, is only, when? After all, the government with its majority is in a position to carry out a principle it has established. It is in a position to carry out the purpose for which this bill was introduced, according to its own statement, and members of this house have the right to say: If that was the purpose of the bill, then carry out the purpose. Whether or not the bill was properly drafted, it was drafted for this purpose, and there is an obligation to the people of Canada to carry out the stated purpose of the bill passed by their representatives in this house.

When we say that flexible price controls should be placed on those things which are artificially in short supply because of government purchases, we are simply saying to the government: Do what you said you were going to do first of all last September and then in February of this year. If you are not going to do it, tell the people you are not going to do it, and repeal the bill you passed for that purpose. If you do not do that, if the government is unwilling to carry out its stated purpose, then of course the whole situation is different. If the government does not intend to use the Emergency Powers Act as it said it was going to, then the act in its present form should be repealed immediately, because the support of the members who voted for it would then have been obtained under false pretences.

Inflation can be tackled in other ways than by price control, and that has been said by every speaker on this side of the house. Certainly the first way to tackle inflation is by production which will meet both civilian and defence requirements. When we speak of flexible controls, we mean those controls which, with all the experience gained during the last war and in the years afterwards, this government is able to apply temporarily, in the simplest possible way to meet the artificial situation created by heavy buying of certain types of commodities or products.

Just as soon as production has been stepped up to meet both defence and civilian requirements, those controls should be removed so that we can get back to the normal interplay of prices in that area. After all, that would appear to be what was contemplated by the Minister of Trade and Commerce when he introduced the bill in the very words he used when he explained what was going to be done.

What I suggest is that the government must not give undertakings of this kind and then not carry them out, because it is not just a question of whether or not it has lived up to its undertaking. When the government says that certain things of this kind are going to be done, immediately there is inflation by invitation, and there has been inflation by invitation. The Minister of Trade and Commerce put it succinctly when he said that those who would be affected had made arrangements accordingly, and he added: In other words, they are all set. He was telling the house and the people of Canada that there had been inflation by invitation to a point where those who would be affected were all set to meet the situation to their own advantage. Perhaps he was wrong, but if he was wrong he is the one who is responsible for the statement and not any other member of the house. He, after all, is the minister who is supposed to have the most information with respect to this particular subject.

I said there were other ways of meeting inflation. They have been mentioned in this house before. There are other ways than production. Immigration is one of them. There will be an opportunity to discuss immigration in detail on other occasions. The subject has been referred to in the house, however, and certain comments have been made about our immigration methods. I simply want to say at this time that the government is not seriously tackling the question of immigration. The government has not set up the kind of machinery to handle immigration that indicates any real belief in immigration to this country at this particular time. It is simply going through the motions to the extent that will make it possible to say that it is doing something to meet the situation.

If the members of the government think that they are really tackling immigration at the present time, then they should examine some of the other methods now being followed in London and elsewhere by other countries and by other legislative jurisdictions to encourage immigration. Others are doing it in such a way as to make it possible for the immigrant to believe that we really want him in this country. Arrangements are set up by others so that an immigrant can come into one building and get everything in that building from his medical examination right through to his passport and the exchange of his money into Canadian dollars. This government has not yet really given evidence of a desire to do the thing that would in itself be the most anti-inflationary thing that could be done, namely, to build up our productive capacity by inviting to this country the skilled brains and skilled hands of people of good character who will take part in employing the vast resources of Canada for the common defence of civilization.

Then we come to the question of cutting non-defence expenditure. The government has not said very much this time with regard to that. In fact not a member of the government has really met that subject since the debate started. The only statements that have even attempted to deal with this question have been statements that cannot be taken as authoritative so far as the government is concerned.

Mr. Abbott: I took about twenty minutes to talk about it.

Mr. Drew: I said, since the beginning of this debate.

Mr. Abbott: Since the beginning of the debate.

Mr. Drew: Certainly when the debate started was after the budget was presented.

Some hon. Members: Oh, oh.

Mr. Abbott: You pays your money and you takes your choice.

Mr. Drew: There is no use trying to split hairs about this.

Some hon. Members: No.

Mr. Drew: The Minister of Finance knows perfectly well that there was no debate in this house on the budget until the budget was before the house. Supposedly he and his officials were the only ones who knew what was in it until it was read in the house on that night.

Mr. Fulton: He did not say anything in the twenty minutes, anyway.

Mr. Abbott: The first speaker does not count. I think that is right.

Mr. Drew: No, the first speaker in this case counted a lot, because the first speaker was the man who started this whole thing off on the wrong course, and we are still hoping to correct it. These demands for the cutting of non-defence expenditure are constantly made, Mr. Speaker.

Mr. Sinnott: Turn around the other way.

Mr. Drew: Everything is all right with the world when we hear that voice.

The statement that non-defence expenditures can be cut is frequently met by the meaningless reply that nothing is put before the house which would indicate how that could be done. Well, yesterday the hon. member for Kamloops (Mr. Fulton) gave many examples, up to the point when his time ran out, where expenses could be cut very substantially. I am prepared to say that I do not believe there is a single member of this house who does not know many places where expenditures could be cut, from his own observations here and in other parts of Canada. But we were given certain examples, and in a debate of this kind it is only possible to give a limited number of examples. Let us take another example of the sort of thing which does lend itself to possible economies without in any way weakening the strength of this country in these critical hours. Canada has become conference crazy as far as this government is concerned. Last year we sent delegations to 168 conferences. Undoubtedly some of those meetings were very important. Certainly the conferences connected with the activities of the United Nations were important; the Colombo conference was important, and so were a number of other conferences attended by our representatives. But I wonder how important to the government and the people of Canada was a conference described as the international congress of chocolate and cocoa manufacturers, which was held at Lausanne last year. There are many excellent candy manufacturers in this country who would receive great benefit from attending a conference of that kind, and doubtless did; but as the representatives of the people, we have yet to hear in this house of anything of importance gained by Canada through the delegation which attended that conference.

Mr. Pearson: There was no delegation.

Mr. Drew: And I do not know that we have heard anything of what was gained by our attendance at the international congress of psychiatrists at Paris, or the meeting of the directing council and sanitary conference of the Pan-American bureau at Ciudad Trujillo. There was another conference which undoubtedly was an important matter to Canada's survival on which we should hear a report at the earliest opportunity; that was the Washington conference of the society of vertebrate palaeontology and the palaeontological society. These are simply a few.

Some hon. Members: Oh, oh.

Mr. Drew: I thought for a moment the Secretary of State for External Affairs (Mr. Pearson) was going to say a word, and I am sure most hon. members will be very anxious to learn what advantage was gained from these meetings, in these critical days.

Mr. Pearson: I was just going to say there were no delegations at those conferences.

Mr. Drew: Then I feel sure the minister will take the first opportunity to correct the recent statement to that effect. But I will not change in any way the statement that this government has gone conference crazy, and that it could save large sums of money by confining its attention to those conferences which may be expected to advance the interests of Canada and the Canadian people in important fields, where some measurable benefits may be expected. Sometimes it is only by such illustrations as this gathering of chocolate manufacturers and so on that we can see how far this tendency to attend conferences really goes.

An hon. Member: Well, they have nice trips.

Mr. Drew: They have very nice trips, but these conferences can be curtailed and brought within reasonable limits. This government can do what any big business would do at the present time in the face of changing economic conditions and the necessary readjustments in its internal activities. Any business of any size in this country, called upon to readjust its internal organization on a scale even remotely approaching what this government is called upon to do, would call in experts to see how they could improve the efficiency, the cost accounting methods, and bring about economies within that structure. For that reason we have pressed for the setting up of a commission to examine the whole business structure of the government; and we shall present another motion in the hope that at this time, confronted with these greatly increased expenditures, the government will take steps which should have been taken long ago and which have been taken with great advantage in other countries in the past few years.

Then, Mr. Speaker, we come to the form of some of the increased taxes. No one is suggesting that there is any such thing as a painless tax. No one is suggesting that the cost of defence can be carried without a very heavy burden being accepted by the people of Canada. But the Minister of Finance (Mr. Abbott) has himself indicated that there are alternative devices which could be employed, and that if the present serious situation continues he is ready to employ

them at some stage. One of the things everyone is finding it extremely difficult to understand is why this government imposed taxes on electrical equipment such as refrigerators, stoves and things of that kind, when there is every reason to encourage the use of these articles, as long as there is an adequate supply of electricity. They reduce the human effort required; they make the hands employed in that work more productive and capable of doing more and other work as well, which they cannot do if they have to use other types of equipment. The very efficiency of this type of equipment is one reason why its use should be encouraged rather than discouraged. Certainly it is not a luxury.

Then we come to the corporation tax. I do not suggest that the government could have avoided large increases in some of these taxes, but what I believe should be emphasized and re-emphasized, is that the imposition of heavy corporation taxes does not relieve the small taxpayer of the payment of taxes simply because they are imposed upon corporations. The sooner everyone in Canada realizes that increased corporation taxes simply mean increased prices the better it will be for all Canadians, and the greater demand there will be for economy.

There is nothing cynical, nothing improper about that. Many of the large companies in Canada making some of the largest actual profits operate on a relatively narrow profit margin. I do not say that applies right across the board, but many companies operate on a relatively narrow percentage margin. If they are to stay in the black—and that is of interest to every Canadian who has insurance, bank deposits and all the other things that base their security on investment in these corporations—then they must pass on taxes of that kind. Therefore it is the little fellow again who pays, and no one should suggest that the public is being relieved of any burden because these taxes are imposed on corporations.

Then we come to the tax I think most objectionable, and which even at this stage I believe the minister would be well advised to withdraw; that is, the increase in the sales tax.

In yesterday's Windsor *Daily Star* there is a report of a statement made by an official in the United States who is in charge of price control over there; I refer to Mr. DiSalle. While I am not suggesting for one moment that he is in a position to state what Canadians will do or should do, it is not without interest that he has expressed an opinion which is based upon experience in this field, and with close contact with Canada. In the Windsor *Star* of yesterday he is quoted as follows:

> However, he said, the dominion—

That is, the Dominion of Canada.

> —will be obliged to impose direct controls when the full impact of defence buying by the Canadian government hits the economy of the country.

We have been told over and over again that it is hoped that if controls in the United States are a success, the need for similar controls here will be diminished. Mr. Speaker, the greater the success of those controls in the United States, the greater the need for similar controls here. If controls are effective on the other side—and it is most difficult to believe that they will not be substantially successful in view of the men who have been placed in charge of that work—then there would be a highly speculative pressure on supplies in Canada, by those who are trying to buy supplies of that kind in the United States. That is something that has happened before, and it will happen again. Therefore as we see the effort being increased to improve the measures of control which have been established in the United States, it becomes more and more necessary that at least the preliminary steps be taken here to put into effect whatever flexible measures of control or otherwise the government may decide on, as soon as they possibly can.

Let us now examine this increase of 25 per cent in the sales tax. There again we have one of these rather difficult decisions to make. We have the statement by the Minister of Finance that it is not a regressive tax. We have the positive statement by the Minister of Justice (Mr. Garson) that it is a regressive tax. There is no shading between the two. They are both definite. We must therefore make the choice as to which one we think is correct.

Mr. Abbott: What is a regressive tax?

Mr. Drew: I would assume that the Minister of Finance would know what a regressive tax was. He used the term, and I would assume that he knew what it meant.

Mr. Abbott: I was wondering whether my hon. friend knew.

Mr. Drew: After all, the Minister of Finance is charged with this responsibility. If he thinks it is not a regressive tax, then for two reasons at least we must recognize the need for impressing him with the effect of a tax of this kind, in the hope that reconsideration may still be given to the position which has been taken. The first is the fact that this

tax has been generally regarded, and with reason, as the tax which most unfairly bears upon the small taxpayer who is least able to bear the burden. Some attempt has been made to create the impression that the sales tax really does not affect the ordinary householder very much. The Minister of Finance explained that it did not affect a long line of foodstuffs and things of that kind. That is quite true, and for a good reason. When so much of the supplies of that kind finds its way to the market direct from the farmer, it would be extremely difficult to impose a sales tax on many of those foods. We see lettuce, celery, tomatoes, apples and food of that kind being sold along the highways. It would be a most difficult tax to apply and therefore it is not applied. But that does not mean for one moment that it does not apply to things that go into the household. More than $100 million on boots and clothes is raised by that tax under the present budget; and most of the other things are things that directly affect the living of the people of this country. It is a tax which should not be imposed in the first place, if it is avoidable; and having been imposed and maintained at 8 per cent for some time, it should certainly not at this time be increased by another 25 per cent, when the people on whom it will bear most heavily are already finding so much difficulty in meeting the high cost of living.

But there is another reason why all of us should examine the effect of this tax, and I would in all earnestness urge the Minister of Finance to reconsider this one tax, no matter what else he does. A committee of this house met last year for many weeks to consider old age pensions. That committee brought in a report which, so far as it goes, will undoubtedly receive the unanimous support of this house. There was not unanimity with regard to its recommendations, because there were those who thought that it should have gone further; but that aspect we can disregard for the moment. There is that report which, so far as it goes, I believe is supported unanimously in this house. It called for increased old age pensions at the age of 70 without a means test.

Contrary to the recommendations or the obvious intention of that committee, it has been proposed by the dominion government that the provinces, in order to meet this obligation, should acquire the right to impose a sales tax up to 3 per cent; that is an indirect tax. That proposal is a break with tradition and requires an amendment to the British North America Act. I believe that particular tax should not be passed by this house in any event. No matter what can be said for the sales tax imposed by the dominion government on a uniform over-all basis, a sales tax by the provinces should not be adopted as a device for meeting this or similar obligations, for two important reasons.

First of all, there is the fact that it constitutes a serious threat to the uniform living standards of our people. In the second place, it constitutes a serious threat to our constitution itself. Do not let anyone suggest here that, because an amendment may be approved, this makes it any more satisfactory from a constitutional point of view. This country, with all its difficulties, has carried on extremely well under a basic constitution which was adopted in 1867, when conditions were far different from what they are today. At that time the indirect field was taken exclusively by the dominion government and the provinces were entitled to tax in the direct field. It is true it was not stated that the provinces had that field exclusively. Until 1917, however, it was always accepted as a traditional thing that there would be no invasion by the dominion government of that direct tax field. That acceptance was borne out by the then minister of finance, Sir Thomas White, who expressed his regret that the government should invade a field that was so clearly a provincial one, and who expressed the intention to leave that field as soon as it was possible after the end of the first world war. Whether or not the dominion government could possibly go out of that field is certainly open to real question today. But whether it does or not, let us not get into worse confusion, at a time when we need to settle these tax problems, by getting the provinces into the indirect field and leaving no traditional foundation whatever for our tax system.

When the dominion-provincial conference met in August 1945 and in the succeeding meetings of that conference, it was pointed out that one of the things which should be done at the earliest possible date was for the dominion government and the provincial governments to consider the whole tax structure in Canada with the idea of simplifying it at the dominion, provincial and municipal levels, so that it would bear most evenly and easily upon the people, at the same time clarifying once and for all the taxing rights of the provinces, the municipalities and the dominion government, so that the power of taxation would go hand in hand with the power of administration and legislation. That has not been done, and it

has not been done for one reason and one reason alone, namely, that the dominion government did not carry forward the recommendation that was made at that time. Although it was not done—and nearly six years have passed—I still urge that this subject be tackled now, and a review of our whole tax field be examined with the dominion, the provinces and the municipalities. I know there are those who say that the municipalities are the creatures of the provinces, and that therefore they do not need to sit in on that. I think they should sit in, because, in fact, the provinces were largely the creatures of the municipalities in the first place. It was the early municipalities, settled in different parts of eastern Canada, on the west coast and on the Red river, that laid the foundation of Canada as a nation. They have their traditions and their experience. They can contribute a great deal, because it is in these municipal councils that you find the bedrock of democracy itself.

Certainly with that possibility and with that hope I do not think that this parliament should consider an amendment to the constitution at this time, which would start something that it would be very difficult to unscramble afterwards. This is not the first time that this subject has been considered in this house. It came up before in 1936. Fortunately in 1936 common sense prevailed, and they did not go ahead with this very wrong idea.

One of the things that were emphasized at that time, and one of the things that should be emphasized now, is that these taxes, which would be imposed indirectly by the provinces if there is an amendment of this kind, would be imposed at the very time when a lot of these other inflationary taxes are going to be encountered. Remember, this is a different tax from the dominion general sales tax. The only similar thing about it is that it is a bad tax and invisible. But it is very different in its impact and in its effect, because it is a tax on the accumulated price of the article. The tax is a tax on the cost of the article itself and on all other taxes that go into it; and they do, because the tax is a tax on the price which is made up of the dominion general sales tax, of the municipal taxes on the factory, on the store, on the taxes paid by those who have shipped and handled the goods, on the income taxes of the company and everything else. All these taxes are wrapped up in the price on which this 3 per cent will be charged. It is a vicious tax and should not be contemplated now or at any other time.

[Mr. Drew.]

But what is worse, it is a tax which will divide this country at the very time that we are trying to elevate the living standards across Canada and find ways of assisting those provinces which are not so fortunate as others in their revenue resources. We would be doing something that would aggravate the difference. As an example, it has been definitely said that the province of Ontario has no intention of imposing this tax. It has been said that some of the other provinces have no intention of imposing this tax. In Prince Edward Island the voters will not be able to decide on this issue tomorrow, because both parties have said down there that they will not impose it, but this government has given very startling examples of how quickly promises of that kind can be forgotten. Where this tax would be imposed would be in those provinces which already are finding it most difficult. Those provinces which need extra revenue at this time would impose it, and consequently the cost of necessary things for the home would be higher than they would be in the provinces where the living standards are already higher.

Then there is another feature which has not been mentioned so far as I know in the discussion of the subject, and which I think does need to be borne in mind. It is this. This can be made a most effective barrier to trade between the provinces; not only is there the fact that it would raise difficulties as between provinces, but there is a device for which this tax could be employed to differentiate between products of one province and another. A tax could be imposed by a provincial government, which would impose this sales tax on articles coming into the province, and specifically state that the tax would not apply to articles made in that province. That would create a most unfortunate situation, and one which would lead not only to friction between the provinces but also to something which would approach the evasion of taxes which you sometimes see on the international border. I mention that for this reason. This tax is made in fact a condition of bringing in old age pensions. In a statement made in this city on April 21, as reported by the Ottawa *Evening Citizen*, the Minister of National Health and Welfare (Mr. Martin) said that, as soon as agreement was reached in regard to this amendment which would provide for the imposition of this indirect tax in the provinces, the government hoped to go ahead with old age pensions. Now, Mr. Speaker—

Mr. Martin: I just heard what my hon. friend said. If he said, as I understood it, that the

old age pension program depended upon the three per cent proposal he is entirely at fault, in error.

Mr. Drew: If I am at fault, I am only at fault in relying on the *Citizen*, and I have found it very reliable. This is what the minister is quoted as saying:

> As soon as agreement is reached the federal government will lose no time in presenting to parliament a resolution requesting the United Kingdom parliament to pass the old age pensions amendment.

Now, the only old age pensions amendment that we are really closely concerned about, or that the United Kingdom parliament will be concerned about, is an amendment to the constitution which would permit the imposition of this tax.

Mr. Abbott: No.

Mr. Drew: Of course it is. There is no question about the other, because agreement is already reached on the old age pensions. It is agreement on the amendment which will permit the imposition of this tax that is still creating difficulty.

Mr. Garson: Mr. Speaker, I think my hon. friend, the leader of the opposition, is anxious to be accurate in the statement that he is making to the house now. I am sure that if he will examine the record of the offer that was made by the dominion government to the provincial governments at the conference, and all of the correspondence which has taken place since, he will see that at all times there has been a very clear understanding that the old age pensions amendment is not contingent upon the sales tax amendment, and that the sales tax amendment is not contingent upon the old age pensions amendment.

Mr. Drew: Then, Mr. Speaker, I would ask the Minister of Justice if he will state now unequivocally that the old age pensions can proceed without any regard to the sales tax.

Mr. Garson: Certainly.

Mr. Abbott: Of course.

Mr. Garson: It has never been any other way.

Mr. Drew: Yes, it is.

Mr. Garson: No.

Mr. Drew: I am making the speech.

An hon. Member: You have had an answer.

Mr. Drew: I take the answer, and I accept the answer; and having accepted the answer I now say that I hope there will be no further consideration given to the introduction of a tax which is not necessary and is vicious and improper and would be divisive to the whole of Canada.

An hon. Member: Get back to the script.

Mr. Drew: We have now a very hopeful answer, because the problem that has been raised, the real problem raised, was the problem in regard to this sales tax. The provinces have not at any time raised any question about wanting to get ahead with pensions at seventy without a means test. And I hope that without further delay everything now will be cleared up to get an amendment before this house and before provincial legislatures so that people who need this pension will get it at the earliest possible date.

And I hope, what is more, that, in view of the statement now made by the Minister of Justice (Mr. Garson), the Minister of Finance (Mr. Abbott) will either introduce a motion into this budget for this increased old age pension or immediately bring in a supplementary estimate which will cover it. No matter who else may be misled by the actions of this government, there is one group of people they must not mislead, and that is the old people of this country. Those people are the people who have not still the working power to adjust their living conditions, to cope with the events of these serious days.

Mr. Abbott: Yes, yes.

Mr. Drew: And, far from this being the time when no one should consider dealing with old age pensions, because of national defence, this is the time above all others when the program of old age pensions approved by the committee last year should be brought into effect with the least possible delay.

Mr. Abbott: Yes, yes.

Mr. Drew: Certainly these pensions, promised by this government in 1945, should not wait much longer in 1951. These pensions should be paid; because, however necessary they were before, they become more necessary every day now, when the cost of living goes up, and when these people are, according to official reports, in want and distress because of the inadequacy of the pension they are receiving.

Do not let anyone say that this is a tax for old people; do not let anyone say that this is an appeal to emotions only. The old people are the people who deserve the most, and they do not deserve the sarcastic comments of the Minister of Finance such as he made just now.

Mr. Abbott: Mr. Speaker, I must really object. I have made no sarcastic comments. I have made no comments at all. Later on in this debate I expect to put him right on

the assertion that the two amendments were tied together. That is all I have to say.

Mr. Drew: I have heard these comments of the Minister of Finance right here this afternoon. My hearing is good.

Mr. Abbott: My hon. friend is making an assertion unfounded in fact.

Mr. Drew: Mr. Speaker—

An hon. Member: He is not snickering now.

Mr. Drew: Mr. Speaker, there is one particular reason above all others why this should be proceeded with, and without delay—and we now have an indication that it can be done without delay, because we have had the clear and unequivocal statement of the Minister of Justice that they do not need to impose this vicious tax in order to provide money for this.

Mr. Garson: Now, Mr. Speaker—

Mr. Abbott: Oh, let it go.

Mr. Garson: Mr. Speaker, if my hon. friend will identify the author of the inaccurate statement which he has attributed to one of the ministers of the government—if he attributed it to me I would like to correct it.

Mr. Drew: Mr. Speaker, I was just referring to the statement of the Minister of Justice, which I hope is accurate, and that is that he has made an unequivocal statement that it is not necessary to impose this vicious tax in order to give old age pensioners the money they desire.

Mr. Garson: No; on a point of order, I did not make any such statement, and my hon. friend is—

Mr. Drew: What!

Mr. Garson: What I said was this, if my hon. friend would listen—

Mr. Drew: Mr. Speaker, I will let *Hansard* speak for itself.

Mr. Gardiner: A question of privilege.

Mr. Drew: And that is not a point of order.

Mr. Garson: Mr. Speaker—

Mr. Speaker: The leader of the opposition has the floor, and a question can be asked only with his permission.

Some hon. Members: Order.

Mr. Garson: On a point of order.

Mr. Drew: I have the floor.

Mr. Garson: On a point of order, Mr. Speaker—

Mr. Drew: You heard Mr. Speaker say that I had the floor.

Mr. Speaker: The Minister of Justice is now rising to a question of privilege—not a point of order.

Mr. Garson: Mr. Speaker, the leader of the opposition has attributed to me a statement which I have not made.

Mr. Speaker: Then the minister should rise on a question of privilege.

Mr. Drew: That is right.

Mr. Garson: My point of privilege is this, that the point I made a few moments ago was that from the very beginning the federal government offered to the provincial governments at this conference—

Some hon. Members: Order.

Mr. Drew: No, no, Mr. Speaker—

Mr. Speaker: When the Minister of Justice is speaking on a question of privilege, he should be allowed to do so, but he should state his question as briefly as possible.

Mr. Garson: Mr. Speaker, my point of privilege is this—

An hon. Member: The third time.

Mr. Abbott: Listen, and you will know what it is.

An hon. Member: The Minister of Finance will deal with it.

Mr. Garson: —that the statement which my hon. friend the leader of the opposition has attributed to me, to the effect that the sales tax amendment is not necessary to raise revenue, is not correct. It may be necessary on the part—

Some hon. Members: No, no.

Mr. Speaker: Order; I do not think the minister should be allowed to amplify it at this time. He cannot debate it at this time.

Some hon. Members: Sit down.

Mr. Speaker: I do not think the Minister of Justice should take this opportunity to debate it. He will have an opportunity later on to do that.

Mr. Garson: Mr. Speaker, I do not wish to debate it—

Mr. Drew: Mr. Speaker, I would point out that *Hansard* will show what the minister said; and it can stand there, now that he has raised the point.

Mr. Garson: Well, I make the point of privilege that I have heard and deny the statements now attributed to me.

Mr. Martin: Mr. Speaker,—

An hon. Member: Here is another one.

Mr. Speaker: The Minister of National Health and Welfare has the floor.

Mr. Martin: The hon. member was quoting from a statement I made. I know he would not knowingly misrepresent it. Would he afford me the opportunity to point out what was said?

Mr. Drew: No, I have accepted the statement of the Minister of Justice in regard to what he said.

Mr. Martin: No; I do not wish to interrupt—

Mr. Drew: Mr. Speaker, I do not wish to rise while you are on your feet, sir, but I wish to point out that I made a statement in regard to agreements under consideration, and the reference was to a report in the paper which referred to two agreements. The minister made a statement and I accepted that statement, and said so—the statement of the Minister of Justice. I accepted it, and *Hansard* will show what was said. Therefore there is no question of privilege arising.

Mr. Martin: I am sure there is. I do not wish to get into an argument with my hon. friend, but I wish to point out that he referred to a statement that I had made in answer to a question put to me by one of the gentlemen of the press. He went on to say that I had stated that unless the three per cent amendment was also admitted we could not possibly have an old age pensions measure. It is true that I take issue with that statement. Having quoted that statement I think that, in fairness to me, either I should be allowed to say what I said or my hon. friend should quote me *in extenso*. It is only one line, but I simply said it would be convenient to put the pensions and the sales tax amendments through at the same time, but if agreement were possible on the old age pensions and not on the sales tax, the pension amendment would not be held up.

Mr. Drew: Mr. Speaker, you will notice that I accepted that statement. I then accepted the more emphatic statement of the Minister of Justice (Mr. Garson). Now the Minister of Justice is seeking to qualify the statement which the Minister of National Health and Welfare (Mr. Martin) appears so anxious to have on the record. So I do hope the two ministers will clarify the position between the two of them.

Mr. Garson: On a question of privilege, I repudiate the suggestion that there is any attempt to qualify the remarks of the Minister of National Health and Welfare because my remarks were not relevant to his statement.

Mr. Abbott: Let us get on with the budget debate. What has old age pensions got to do with it?

Mr. Drew: Mr. Speaker, that comment of the Minister of Finance should not pass unchallenged. He says, "What has old age pensions got to do with it?" Old age pensions have a great deal to do with this budget because one of the places in which increased old age pensions should be provided for is in this budget, if the government has not its tongue in its cheek in regard to pensions at this time.

Mr. Abbott: I said that was to be a contributory old age pensions plan.

Mr. Drew: This budget will in itself create pressures that did not exist before it was introduced. It is perfectly obvious, however, that once introduced and the taxes applied, as they automatically are applied under our tradition at the time of the announcement of the budget itself, no matter how wrong some of these taxes may have been it must be recognized that they cannot be taken off at this moment and that we must put up with some of them until a later date. But this increase of 25 per cent in the sales tax can be stopped as quickly as it was put on. I earnestly urge upon the Minister of Finance consideration of the removal of the increase, no matter what else he may believe could be done to meet this situation.

The people of this country want a feeling of confidence; they want a feeling of security; they want a feeling that they can meet their daily needs in the days ahead in order to have the spirit that we need in this country, to meet all the problems of defence which lie ahead. It is because of that, that I once again urge the Minister of Finance to reconsider his decision on this 25 per cent increase in the sales tax and to announce its withdrawal in the interests of production, as well as in the interests of the people of Canada who need some restraint on the rising cost of living at this time.

Hon. Douglas Abbott (Minister of Finance): Mr. Speaker, I had not really intended to take any more time of the house in this budget debate because, unlike the leader of the opposition (Mr. Drew), I endeavour to avoid repetition as much as possible. I shall try not to take quite as much time now as he has taken to elicit the points he wanted.

Mr. Drew: Or as you took before.

Mr. Abbott: That is quite right; I took an hour and fifteen or twenty minutes to outline

both what I conceived to be the economic position of Canada and the budgetary proposals which I had to make. I went into considerable detail as to the measures which the government had taken and was taking to counteract the inflationary forces which apparently exist in Canada and in most of the rest of the world today.

There are one or two points which the leader of the opposition raised this afternoon to which I should like to reply briefly. A great deal has been said about the fact that the revenue for the last four or five years has in each case greatly exceeded the estimate which I made at the time of my budget forecast. Some suggestion has been made that that was deliberate. I admit of course that the results have exceeded the estimates, but I most certainly deny the allegation that those estimates were deliberately underestimated. I and my officials have always tried to make the best estimates possible and to make them responsible estimates.

Over-optimism in the case of a Minister of Finance, whether it relates to revenue or expenditures, I think is a fatal mistake. I have no crystal ball, nor does anyone else in this house or in any other parliament possess one. I would point out that invariably I have indicated the basis on which my estimates have been made. Any estimate of revenue in a tax structure such as ours must be based on an estimate of what your gross national product is going to be for the year. You could estimate pretty accurately what your existing tax structure will yield if you knew what your gross national production is going to be. My estimates have invariably been based on those estimations and the house has been fully informed as to the basis on which they were made.

I well recall, I think it was two years ago, that the hon. member for Greenwood (Mr. Macdonnell) asserted in his reply on the budget address that he thought I was being over-optimistic. He was wrong. I was unduly pessimistic. I have been pessimistic in each of the five years I have presented a budget.

I have been in pretty good company. Just the other day I was reading what Mr. Gaitskell, the chancellor of the exchequer, said when he brought down his budget on the same day I brought down mine. He said:

> The results of 1950-51 are, at first sight, somewhat remarkable. My predecessor budgeted for a surplus of £443 million; in fact the surplus was £720 million.

Hon. members who follow these things may recall that the original budget estimate in the United States last year was for a deficit of $5 billion. In January, I think it was, Mr. Truman brought in a revised budget message in which he estimated—that is just a couple of months ago—that there would be a budget deficit of only $2.7 billion. Now I am informed that it is expected that at the end of the fiscal year in the United States on June 30 they will have a surplus of some $3 billion.

Coming a little closer to home, I suppose we could not have a better test of accurate estimating or responsible estimating than that made by our larger provinces, in particular the province of Ontario where my hon. friend served with such distinction for such a long time. Take what happened in Ontario during the last three years. In 1948-49 they underestimated their revenues by 21.2 per cent—I think that was the last year my friend had anything to do with that province—and they underestimated expenditures by 16.2 per cent. In the same year, I confess, I underestimated our revenues by four per cent, as against Ontario's 21.2 per cent, and I estimated our expenditures just about right because I was only $1 million out.

In 1949-50 I underestimated revenues by 4·2 per cent and expenditures by 2.5 per cent, whereas in Ontario they underestimated their revenues by 13.6 per cent and their expenditures by 9.4 per cent. In the year now current I underestimated revenues by an all-time underestimation of 16.3 per cent, and expenditures by 9.3 per cent. Ontario kept up its record of underestimating its revenues and expenditures by 9.8 and 9.3 respectively, and the same pattern is followed throughout all the major provinces. I would point out to the house that the sources of revenue of the provinces are very much less liable to fluctuation than our own highly progressive personal and corporation income tax rates. I offer this as no particular excuse. My officials made honest estimates of these revenues, and, far from being ashamed of the result, I am proud of it. Any nation with a funded debt, as we have, of some $15 billion that does not make some real reduction in that debt during prosperous times such as we have enjoyed during the last five years is, I think, never going to effect any reduction. I have not the slightest excuse to offer and I take some pride in it.

Mr. Fleming: Might I ask the minister a question?

Mr. Abbott: Certainly.

Mr. Fleming: If that purpose is so laudable—and I think we would all agree—why does the minister not consciously budget for a surplus?

Mr. Abbott: I have budgeted in every year for at least a modest surplus. Of course in the last two years, with expenditures of $3 billion plus, an estimated surplus of $40

million or $50 million is in effect budgeting for a balance. In 1948, at the peak of the post-war inflation, I budgeted for a very substantial surplus, as the house will recall, and made virtually no tax reductions. I am stating the position. I am stating that under conditions of high employment and increasing gross national production, such as we have enjoyed during the last four or five years, it is inevitable that revenues will go up. So much then for this alleged deliberate underestimating of revenues.

My hon. friend made some reference to attempts to cut expenditure, and he indulged in his usual generalities that there were all kinds of places the government could cut expenditure if it would just go about it. I speak from considerable experience on that subject. I am not going to repeat what I said in my budget speech about the deliberate, conscious and, I think, effective effort at reducing expenditures this year. Something has been said about the reduction in services in the post office, that it was initiated as a sort of spectacular thing which everybody would see, and would be evidence that the government was reducing expenditures. As I think someone pointed out the other day, the post office is the largest employer of civil servants in the government service.

During the war we eliminated the second delivery a day in urban areas. It seemed to me that was one of these frills that one might eliminate at a time like this. The Post Office Department was agreeable and that was done. A storm has been raised about it. I have not heard any member in the opposition suggest that it was a wise thing to do. My good friend, the hon. member for Lake Centre (Mr. Diefenbaker), who is one of the most vehement critics of extravagance, said: Oh well, you should not have eliminated this postal service. Let me say, Mr. Speaker, that there is only one way to reduce government expenditure, and that is by eliminating functions or activities. Out of our total budget of $3,700 million odd, if you eliminate defence transfer payments, old age pensions, payments to veterans, interest on the public debt, and so on, there remains about $500 million that is paid out for salaries and wages, purchase of materials and all other government services.

That is the field in which you have to effect your reductions. That includes all construction activities aside of course from defence, and it is in that field of $500 million that we achieved this year a reduction from last year of some $35 million notwithstanding the increase in costs through civil servants' salaries and all the other things that go with it. Therefore I am prepared to say, speaking with full knowledge of what I am saying, that there has been a real and successful effort to cut down on less essential government expenditure. If any hon. member opposite who wants any other service eliminated will make a specific suggestion such as the hon. member for Royal (Mr. Brooks) made the other day, that we eliminate some lighthouses on the Saint John river, I can assure him that these suggestions will receive the most earnest and careful consideration.

Mr. Brooks: Mr. Speaker, I should like to say that it was not only the Saint John river. I said that investigations should be made all across Canada for that purpose.

Mr. Abbott: We will certainly be very glad to look into the matter to see if we can dispense with some of these services, and not only on the Saint John river. I am not going to discuss this interesting thought about flexible price controls that my hon. friend has put forward. He is very careful of course to refrain from any mention of wage controls. I noticed yesterday, when the hon. member for Temiscouata (Mr. Pouliot) was making his excellent speech, that when he asked my friend, the hon. member for Vancouver-Quadra (Mr. Green), if he would be in favour of imposing wage controls there was no response.

Mr. Green: I did not answer any of his questions.

Mr. Abbott: That is quite right. I have already made my views pretty clear as to why I do not think the immediate imposition of over-all price, wage and other controls is desirable at this time. I must say it gives me a certain amount of quiet amusement to see the leader of the good old Conservative party posing as an advocate of a controlled economy, but I suppose I can be forgiven that.

Mr. Drew: Mr. Speaker, I would point out that the Minister of Finance will find in *Hansard* that what I was referring to was a statement of the Minister of Trade and Commerce (Mr. Howe) in which he had referred to price controls, and price controls exclusively. I was pointing out that I hoped he knew what he had promised, and that he would do it.

Mr. Abbott: I was just referring to my hon. friend's sort of general advocacy of controls as a cure for the inflationary situation in which we now find ourselves. As to the general criticisms of the budget, let me say at once that none of them came to me as any surprise. I knew perfectly well that ringing speeches would be made in the house about the evils of the general sales tax. I remember that ten years ago I had occasion

in the house, in connection with another matter, to quote something I had read, that some people who think they are thinking are only rearranging their prejudices. I think that applies to a good deal of the criticism I have heard here and elsewhere about the so-called general sales tax in our tax structure today. I dealt with that matter at some length in my budget speech, and I am not going to repeat now what I said. I will say that anybody who stands up in this house and says that we should not increase the sales tax really should tell me some place, other than liquor, where I can get the extra revenue.

Mr. Browne (St. John's West): Excess profits tax.

Mr. Abbott: I realize the political advantage of suggesting increased taxes on liquor. I understand these things just as well as anybody else, but I gave the reasons why I thought that at this time it was not either desirable or productive to increase the tax on liquor, which was increased last September. I am sure that the leader of the opposition's successor, Mr. Frost, will agree entirely with the stand that I have taken on that point. In fact he has publicly said so.

Finally the hon. member made some reference to the desirability of increased production. Before I speak about that, may I add that I am not going to deal with the criticism of the tax imposed on refrigerators, stoves and washing machines. In my budget speech I stated why I felt it was necessary to put a tax on these articles at this time, and I am not going to repeat the reasons now. We have to remember that these moneys have to be raised from the people of Canada. In the situation we are in now I do not consider that, with the tremendously increased consumption of these particular articles, it is unfair or unjust to impose a special tax at this time. Other than that, I do not propose to add to what I said in my budget speech.

As to the question of increased production, I think that is really the key to the solution, so far as a solution can be found domestically, of the problem of the inflationary forces that exist today. I have said before and I say again that I do not think anyone in this country—and that goes for all of us—should contemplate working less than he does now. Speaking generally I believe we should all recognize that whatever hours we are working now we should continue to work. I am not suggesting that wage adjustments should not be made; but any attempt to shorten the hours we work, with rare exceptions where greater efficiency might result, must cause some diminution in production and additional demands for manpower. So I really feel that every Canadian should seriously consider whether, conditions being as they are today, he would be justified in asking that he work shorter hours. I am profoundly convinced of that, and I am glad of this opportunity to voice my views.

As far as the budget itself is concerned, I was faced with the problem of an outgo of some $3,700 million to $3,800 million. As I said in my budget speech, I felt that we should take in at least that amount, and in consultation with my colleagues I endeavoured to spread the burden as fairly and equitably as possible. I am not so conceited as to believe that I have omniscience, or that it might not be possible to make some improvements, but I believe that on balance the budget, while a tough one, is fair; and I am satisfied to leave the verdict on that with this house.

Mr. Donald Smith (Queens-Shelburne): Mr. Speaker, I shall not detain the house very long. I do desire, however, to make my contribution to this debate; and since this is the first budget debate in which I have taken part I should like to take advantage of this opportunity to offer my sincere congratulations to the Minister of Finance (Mr. Abbott), not only on bringing us this budget but on those he has brought down since he has been in that high office. I know when I make this statement I am saying what is in the minds of the people of my constituency.

I should like to remind hon. members of the high standard that has been set by other finance ministers, particularly those from my own province of Nova Scotia. One of the earlier finance ministers in our history was Right Hon. W. S. Fielding, who by the way represented the riding which I am now trying to represent. Mr. Fielding was minister of finance in Sir Wilfrid Laurier's cabinet. Then I need only mention the name of Right Hon. J. L. Ilsley to further remind hon. members of the high calibre of the ministers who have come from Nova Scotia, and to indicate the high standard which is being maintained by the present minister.

I am sure it was most pleasing to my people to note that the fishing industry has been given some consideration in the budget this year. I refer in particular to the free entry of diesel engines, which will be of some assistance to those fishermen who use larger boats in which diesel engines permit more economical operation. Then the free entry of nets and lines of any material, while it may not seem like much help, will be of real assistance to our fishermen in Nova Scotia, so I am sure they will all appreciate what has been done for them in this budget.

In recent budget speeches documents have been quoted indicating the rapid growth of our economy. I believe it is only natural that some parts of Canada should have been in a position to participate in that growth to a greater extent than others. The rate of such growth depends on many factors, not the least of which is the presence of natural resources of one kind or another. Hon. members of this house who had the privilege recently of visiting northern Manitoba I am sure came back with a much greater realization of the importance of those natural resources. Many years ago men of courage and vision made a great contribution to the economy of this nation when the presence of high grade ore containing many metals was discovered. As a result of these discoveries, at Flin Flon today, for example, over 2,500 men are employed in mine and smelter, bringing out of the ground and refining some $40 million worth of precious and base metals, of which I believe today the latter are of more real significance than the former, particularly in terms of national defence.

When we think of natural resources we should also keep in mind the importance to the development of Canada of the gas and oil discoveries in Alberta and elsewhere. I believe we should consider the mineral developments in British Columbia, northern Ontario, Quebec and Labrador, whose iron ore deposits will play a most important part in our industrial development. If we had read or heard of a nation whose resources had been developed during the last ten years or so as have those of Canada, and which had made the economic and political progress this nation has made, I am sure we would be of the opinion that there was a nation with a future. It seems to me that we in Canada do not quite appreciate the future that lies ahead. There appears to be a lack of understanding of our potentialities. Discussions with students of history, economists, engineers and others who have given some thought to this matter can only lead one to the opinion that in the not too distant future Canada will not only be the leader of the middle powers, as she is now, but the leading country of the world; and it is a fact that even now, because of the ability of her leaders, Canada is giving leadership to the democratic world.

That causes me to say this, that we should not, through narrow thinking, fail to do those things which would promote this growth, or do those things which would hinder this great development. This is a time for vision, for faith and for hard work, as was so ably put the other day by the hon. member for Oxford (Mr. Murray). To those who were not in the house that evening, and have not read that address, I would suggest that it is quite worth while.

I believe the construction of the St. Lawrence waterway will be an important step in our national development, and I believe we should get along with it with all speed. There are those from the maritimes who hold the view that this project will harm the economy of those provinces. I do not hold that view; I agree with the hon. member for Inverness-Richmond (Mr. Carroll) that it can be a real benefit to the industrial and economic life of the maritimes. As someone has said, prosperity is an atomic reaction, by which all links of the chain must be affected. Our ports of Saint John and Halifax will not only hold the business they now have; following the construction of this inland waterway I believe we can look forward to a great expansion of port activity coincident with our national growth. As has been pointed out, the development of the St. Lawrence waterway can provide the means for an expansion of the markets for Nova Scotia coal by placing it on a more competitive basis with Pennsylvania and Virginia coal, the producers of which in the past have opposed the St. Lawrence waterway because of their fear of the competition of Nova Scotia coal. In view of the present great need for power, because of its relation to national defence, and because of its importance to national expansion, I am prepared to support the St. Lawrence waterway.

As far as possible I believe this waterway should be self-liquidating. I believe the users of the power should pay for the power development, and those who use the canals should pay for them by means of tolls. At the same time the maritimes should insist that such developments as the Passamaquoddy power project, the St. Mary's project and others be vigorously explored. Without such power development in the maritimes we shall not be in a position to attract desired industries. With it, industries would naturally be attracted to the maritimes by the cheap power which would be thereby produced. I think that we in the maritimes should also insist that there should be no reduction in expenditures for public works and aids to navigation, things which are so essential to the fishing industry which I believe is on the threshold of greater expansion.

I further believe that the subsidy on feed grains from the west should certainly be continued. I also believe that, if the west give their support to this development, a project such as the South Saskatchewan river project should receive full consideration.

Transportation costs have been held to be a factor responsible for a lack of industrial development in the maritimes. It is hoped that action will soon be taken to implement the recommendation of the royal commission so that the handicap of unjust freight rates will no longer be a factor. I think that we in the maritimes are actually prone to forget that, having the Atlantic on our doorstep, with all-year-round harbours, we have a position that is helpful with regard to exports. It was because of this favourable factor that the newsprint industry in Nova Scotia has been such a great success.

We all know that in order to develop industries in Nova Scotia or anywhere else risk capital must be provided. Past experiences have demonstrated the success with which capital has been invested in Nova Scotia industries. Reference has been made previously in this debate to the industry in Truro operated by Stanfield's mills. I could also mention the Moirs factory in Halifax. Stanfield's and Moirs are names that are known from coast to coast. Then there is the Simms company in New Brunswick which makes brushes and—as we certainly now know—brooms. It is a firm which has made quite a success. Those are just a few illustrations to show the people in this country that this can be done.

I do not expect government-owned and operated industries to be set up in our province. That is the socialist way, with its regimentation and its bureaucratic mismanagement. Nova Scotians should do their own encouraging of capital to come into the province. Capital was encouraged to come into my own constituency where the Mersey Paper Company, Limited, has operated for over 20 years. This newsprint industry changed completely the economic life of my home town and county, and it has had a great effect on the economy of the whole province.

Anyone who cries out that we are going to the dogs in Nova Scotia should look about him before making such a statement. Let him take a look at the lumber industry. Let him take a look at the fishing fleet: not only the number but the size of the boats has increased a great deal during the last two years. There are new plants established all over the province, some of them small and some of them extremely large. The herring industry is a new one in our province; herring are cured and exported to the United States. It is an industry which we did not have until just a few years ago. The swordfishing industry is one that is expanding on our coast. The incomes of the fishermen may not be equal to those of people engaged in other industries, but for the fisherman who is ambitious and willing to work and take the necessary risks, his earnings are sufficient to make his way of life a happy one.

Notwithstanding the fact that Nova Scotia is third among all the provinces in dollar value of defence contracts awarded, I believe that we should, however, receive more preference than we do at present. I should like to give one example. In the town of Shelburne there is a company known as Ven-Rez Products, Limited, specializing in classroom furniture and office furniture. That is a factory that was set up after the war by two young veterans. Their product is of the highest quality, and has given every satisfaction. They have successfully developed a market for their product not only in the maritimes but in other provinces. Because of their insistence on maintaining quality they so far have been unable to meet price competition when tendering on defence orders, although the difference in quotations has been very little indeed in some instances. It seems to me that in cases of companies like that, there should be some system of allocation so that they could participate in some of these orders.

I should now like to say a few words in connection with refits and repairs to naval ships. During the last war a yard in my home town of Liverpool, known as Thompson Brothers, enjoyed the distinction of being one of the most important bases in the east for the refitting of minesweepers, corvettes and other naval ships. A large and well-equipped plant was built up, the full peacetime use of which has not been found possible. A certain amount of this kind of work has been carried on, as well as the manufacturing of oil burners and oil tanks. But with the steel situation as it is, the latter has had to be severely curtailed.

In recent months one naval minesweeper was refitted on a lowest-tender basis. This demonstrated the ability of this yard to do this work economically, quickly and well. A recent return, in answer to an inquiry of mine, reveals that 34 such ships are being repurchased from civilian owners; and such ships will no doubt require work done on them. However, Mr. Speaker, it will be considered unfair to the maritimes if this type of defence work is undertaken in those provinces already obtaining such a large proportion of defence orders. I would therefore urge that every consideration be given to this and other Nova Scotia yards, as a

demonstration of the government's desire to decentralize defence industry wherever practical and possible.

Mr. G. M. Ferrie (Mackenzie): Mr. Speaker, I wish to say how pleased I am with the budget. It does not do all I would wish it to do, and I will have something to say about that matter later. All those on my left are doing just exactly what they did a little over a year ago, crying: Doom, doom, doom; our trade is gone; farm products will be worth nothing and there will be a great mass of unemployment. The situation has now turned out to be just the reverse.

Here and now I wish to say that in my opinion there is no inflation. A third of the people, who were slaves to society—the farmers and the fishermen—are now getting a fair share of the economy of the country. Why do I say this? The farmer or the fisherman —and there are both in my riding—takes his product to the market and the buyer tells him what he will give him for it. Every other industry tells the consumer what he will pay for the product. Very seldom does the fisherman or the farmer have a seller's market.

This is the only time since 1929 that the farmer has had a fair price for his products. Some of these prices may seem to the people to be out of line; but when you consider the prices that were paid to the producer in 1932, you can readily see why we have such a feeling amongst the people that there is an inflation.

Let us take a few of the basic commodities and compare their prices as of 1932 and 1951; but before going into the figures, I should like to state that in the United States of America, in February, the government there set the retail price of beef at the highest price between December 15, 1950, and January 15, 1951; and that price is still holding good. That price controlled our market in Canada. Prime beef, at that time, was 58 cents to 61 cents a pound by the carcass; that is for prime beef in the United States. We seldom have that class of beef to ship out of this country. The beef that we generally ship out they call good, and down there it was bringing 55 cents to 57 cents a pound for the whole carcass. That means our red ribbon beef. What we call the blue was 52½ cents to 58 cents, and the common was 48 cents to 51 cents. I wish to bring to the notice of the house that this was certainly a control put on all animal products except pork, because the price of veal was set and the price of lamb was set at the same time in the same way.

The reason that the price of pork was not set was that there is an act in the United States which states that no control may be put on unless the price of a farm product is up to parity, and at this time pork was not up to parity, and it has not reached it yet. We have beef products under control as I have just stated. We have hides under a control; we have butter and milk under control.

The leader of the C.C.F. party said that they have been asking for controls ever since 1948. He also said that he wanted to have a roll-back in prices. Does he want a roll-back in prices of foodstuffs? To what year? Surely he does not want to go back to any time in the 1930's, for instance, when all the farmers in Canada were going behind. Maybe those in eastern Canada were not going behind so much as those in western Canada; but the whole farming population was in distress during that period. Let us take for instance the difference between 1932 farm commodity prices and those of 1951. Let us begin with eggs. The wholesale price of eggs in February 1932 in the west was 9 cents a dozen. In February, 1951, the wholesale price was 35 cents a dozen in the west. In 1932 hogs were $3.08 a hundred. Today they are $22.50, a rise of 730 per cent. For the same period the wholesale prices of other commodities were as follows. I am not going to put the whole list in. I shall give a few of the outstanding ones. In February, 1932, butcher steers were worth $3.22 a hundred. In February, 1951, they were worth 29 cents a pound, making an over-all increase of 900 per cent. Lambs of 100 pounds were worth $3.64. Today they are worth 32 cents a pound, making an increase of 879 per cent. Here is an outstanding example, and I hope that those people who are looking for controls will think a little bit about it. Let us compare wool with lamb. In 1932 wool was 7 cents a pound and I should like to ask any hon. member if he would like to raise sheep to receive 7 cents a pound for wool. Today wool is worth $1 plus a pound, making an increase of 1,420 per cent. I would ask those people who are advocating controls to take a look at what happened not only in 1932 but in 1935 to see how the farmer was progressing and to see who was getting the benefit.

It is well that we understand that farming is still Canada's greatest basic industry and that if we Canadians are to continue to enjoy an over-all level of prosperity we must guarantee to the farmer not only price stability but economic price parity with all other industries. However, such guarantees, in the light of past experience with tariffs and customs regulations to protect the manufacturer and industrial worker, high prices

and wages, can only be effective by guaranteed floor prices and subsidies, when necessary.

Canadian agriculture never did, until recently, receive and enjoy price equality with other industries and workers, having to sell at world price levels while buying in a highly protected market, where wages and prices were far above the average world level. It is only through everlasting and nation-wide co-operation, including the government, that the present high level of economic equality can be maintained for agriculture.

We have been able, through the past eight years, by good salesmanship on the part of our trade and commerce and agricultural departments, to market all our surplus farm products, with only one small exception, namely, eggs, at the highest general price level ever received by the Canadian farmer.

But that may not always be, and that is when stabilized prices are needed, if the whole broad Canadian economy is not to suffer a serious setback.

Our experience during the war years has clearly demonstrated the value of subsidies and floor prices. They have given to agriculture a degree of economic stability never before enjoyed by the Canadian farmer, or perhaps by any other group of farmers in the world, and every man, woman and child in this nation of ours has benefited by that stability.

With all our great gold, iron, copper, zinc and other minerals, with our vast oil resources, with our extensive industrial and manufacturing industries, farming is still the greatest of them all and without agriculture the others would be pretty weak and wobbly. There is one outstanding fundamental, which not only applies to the army but also applies to the industrial worker—the army travels on its stomach and so does every other individual.

Why is farming so healthy and has been for the past eight years? Largely because our national government gave ear to advice and accepted assistance from our grain pools and farm organizations generally, who have made sound recommendations, to which, in most cases, our government has been agreeable.

In the view of some people, our farm prices have not, during the war and post-war years, been high enough, while another set of Canadians have protested that the prices of farm products at the consumer level have been too high. I wish to say here again that unless the farmer is prosperous and is making a fair profit nobody else has a good standard of living.

Mr. Speaker, let me say that there is only one way that you can reach an ideal in this world, and that is to work toward it. There are two things, I think, that the people of this country are more interested in than anything else. The first is peace and the second is to get rid of communism.

Both these can be accomplished if the working people of Canada will put their shoulder to the wheel. This, in my opinion, is a wonderful opportunity for the union leaders of Canada to come forward and say to the people and to their government, "While this crisis is on, which affects our homes and every one of us, we will work fifty hours a week, for the same rate of pay, and we will raise the production of this country beyond anything that has ever been seen in our history."

This is the kind of patriotic spirit we need in the leaders of all our labour and agricultural organizations and all the people involved. In this way we can have our guns and also our butter. And I am sure the people of Canada would be only too willing, after the crisis is over, to say that there will be a forty-hour week across the depth and the breadth of the country.

I want to say to the member for Rosetown-Biggar (Mr. Coldwell), the leader of the C.C.F. party, that I cannot understand why he, as a representative of the farm population of western Canada, would want for one minute to have controls imposed on his farmers. I want to emphasize this point to him, that the first to suffer under controls is the farming population.

I will give you just one illustration, and I think he should do some real studying. The Minister of Trade and Commerce (Mr. Howe) made a statement in this house on control of the price of hides. How much has this control cost the livestock producer of Canada? When he is through figuring that out, I think he will forget, or want to forget, all about controls.

I would also like to bring to the attention of the C.C.F. party that controls may be just around the corner but no one who values his liberty will seek to advance that evil day. Workers and trade unions should be particularly concerned to avert what is at least a public misfortune and what could prove to be a calamity, for price controls are inseparable from wage controls and from that freezing of employment which is the same as what in other climes is called slave labour.

The hon. member for Lanark (Mr. Blair) made a good speech the other day with regard to the dairy cow and butter, but I would like to bring to his attention and that of the house that the dairy cow has kept pace with

the increase in population. This country has made wonderful strides in dairying since 1915. I should like to place on record the following figures showing the advancement in each province, the millions of pounds of butter which have been produced in that period, 1915 to 1950, a table of which I will hand to *Hansard*, if I may.

Some hon. Members: Agreed.

Mr. Knowles: Where is it from?

Mr. Ferrie: The table is as follows:

Production of Creamery Butter, 1915-1950—(in thousands of pounds)

Year	P.E.I.	N.S.	N.B.	Quebec	Ontario	Man.	Sask.	Alta.	B.C.	Canada
1915	540	1,240	776	36,621	26,414	5,840	3,811	7,544	1,205	83,991
1916	614	1,587	710	34,323	24,680	6,574	4,311	8,522	1,243	82,564
1917	597	1,747	566	34,392	28,714	7,051	4,221	8,944	1,295	87,527
1918	587	1,757	660	36,761	29,452	8,437	5,009	9,053	1,582	93,298
1919	906	2,107	911	37,681	33,904	8,268	6,623	11,823	1,668	103,891
1920	1,166	2,503	1,054	41,632	37,235	7,579	6,639	11,821	2,063	111,692
1921	1,110	3,095	1,152	48,478	43,472	8,541	7,030	13,048	2,819	128,745
1922	1,262	3,329	1,225	57,259	51,633	10,560	8,901	15,417	2,916	152,502
1923	1,537	3,551	1,232	59,215	54,873	10,730	10,867	17,869	2,961	162,835
1924	1,560	4,140	1,226	59,700	60,081	12,633	13,543	22,340	3,671	178,894
1925	1,724	4,530	1,280	49,369	59,871	13,663	15,946	19,630	3,482	169,495
1926	1,844	4,790	1,413	50,822	62,530	15,419	16,629	19,913	3,849	177,209
1927	2,019	5,060	1,898	55,099	66,313	14,231	11,995	16,180	4,184	176,979
1928	2,037	4,479	2,092	52,526	63,733	13,782	11,311	14,376	3,691	168,027
1929	1,883	4,290	1,860	53,490	59,347	15,472	14,786	16,005	3,677	170,810
1930	1,746	4,734	2,060	60,747	64,898	15,787	13,920	17,717	4,142	185,751
1931	2,058	5,868	2,439	69,654	77,502	21,078	18,960	22,958	5,438	225,955
1932	2,329	5,974	2,760	64,890	74,689	19,300	17,861	21,016	5,183	214,002
1933	2,085	6,090	2,880	63,595	76,829	19,558	19,319	23,852	5,025	219,233
1934	1,835	5,733	3,200	69,325	81,630	20,674	20,872	25,601	5,963	234,853
1935	1,673	4,908	2,974	73,397	84,430	21,532	22,851	23,095	6,059	240,919
1936	2,068	5,755	3,502	74,487	86,706	23,011	24,098	25,491	5,814	250,932
1937	2,132	5,874	3,624	74,558	81,396	24,343	23,572	26,324	5,234	247,057
1938	2,557	6,717	4,522	79,758	87,754	25,704	23,524	31,242	5,569	267,347
1939	1,937	5,682	3,988	80,236	88,010	26,524	25,400	29,750	6,086	267,613
1940	1,984	5,870	3,924	74,085	87,278	27,290	28,307	29,797	6,189	264,724
1941	2,645	6,541	4,542	76,266	86,243	31,106	37,127	35,316	6,062	285,848
1942	3,523	6,660	4,982	73,110	81,025	31,642	41,306	36,986	5,357	284,591
1943	4,301	7,660	7,017	85,532	82,024	33,922	47,721	38,657	4,875	311,709
1944	4,014	7,142	7,089	82,195	75,074	31,553	48,264	37,807	5,639	298,777
1945	4,324	7,394	7,425	88,061	77,630	27,005	41,074	34,693	6,205	293,811
1946	3,896	6,988	6,921	85,355	69,171	26,059	37,025	30,744	5,332	271,491
1947	3,657	6,690	6,913	97,371	77,160	26,340	36,330	32,052	4,439	290,952
1948	4,472	6,053	7,329	96,783	74,727	25,402	34,116	32,421	4,326	285,629
1949	4,852	6,283	7,674	93,623	74,597	24,419	31,750	31,996	4,611	279,805
1950*	4,626	5,927	7,149	87,820	68,684	22,514	28,972	31,248	4,666	261,606

*Preliminary

I hope this statement will show to the people of Canada that it is well worth their while to take care of the dairy cow. I think our duty as members of this house is to try to convince the people that dairy products are still a great part of our national livelihood and that the cow will produce a good profit if well taken care of. Favourite communist tactics are to go around telling the people that such things are not worth while. It was done systematically in our north country, even while many farm homes were on relief and every morsel of food was precious.

We in Saskatchewan realize what benefits the people of Ontario and Quebec have had out of electricity, made possible by their abundant water resources.

The South Saskatchewan river dam would change the whole standard of living in Saskatchewan. It would keep the young people on the farm. It would put many thousands more acres under cultivation, for, as an irrigation project, it is of primary importance. The cropland brought under full cultivation will bring with it increased production, with greater security for permanent settlement. Such production would, in the ordinary course of events, increase income, lessen the cost of the Prairie Farm Assistance Act and, in due time, increase the density of settlement in a vast area. The history of irrigation indicates that these results are obtained.

With increased settlement of a stable character there would be increased purchasing power created and a demand for manufactured goods. This dam, constructed to supply, as its primary objective, increased

agricultural production, has the secondary objective of the development of electrical energy.

This would give us one real city, the city of Saskatoon, which would be able to develop light industries and would take care of a lot of ore from the north, if the city has cheap power. It would help to cheapen all the power to the farms all through the province, and thus bring down the cost of production.

There is $1 million to be spent this year. Some people would think that this sum is small considering the total cost but, as every reasonable thinking person would know, ground work must be completed first. This is not costly work but it is doubtful if more could be accomplished in one year than the negotiating and the laying out of this large project. The job started will increase at a faster rate when heavy construction will have to be done.

While the spending of large sums of money for defence is necessary, the development of the country, with a corresponding increase of wealth and people, must also be undertaken.

Mr. Speaker, I said in the first part of this speech that I am pleased with the budget, but it does not do all that I would like to see done. There is no provision made in the budget for relief to local self-government. This sales tax attacks the municipalities, who are not profit-making corporations, in the same way as it attacks profit-making corporations.

The municipalities—the government of the country just the same as the federal government—are rendering service to the people, doing a lot of development work and carrying a lot of social services, which are rendered directly to the individual. If it is impossible to take the sales tax off such things as the machinery bought by the municipalities, then the government should give a grant in lieu of this tax to every municipality in Canada of 1,000 inhabitants or more.

I give you one illustration. A municipality would buy a caterpillar tractor, a bulldozer and a hydraulic scraper, which would cost from $15,000 to $20,000. This tax would add to the cost another $1,500 to $2,000. There is no doubt in my mind that if there are any bodies in this country which need relief from the heavy burdens they are shouldering they are the municipalities of Canada.

In closing, I would say that I would like to see more done for the youth of our country. Youth is the foundation of our country and our greatest asset. People will have to have food, and more food, to the end of time, and youth should be trained to realize that they should stay on the land. But capital must be found whereby youth can establish itself. In my opinion, there is no reason why the facilities of the Veterans Land Act cannot be carried into civilian life, to the benefit of the whole country and the world.

Mr. Auguste Maltais (Charlevoix): Mr. Speaker, it was not my intention to take part in this debate, but after listening to the excellent speech by the hon. member for Saguenay (Mr. Brisson) in which he advocated the need for a railroad on the north shore, I consider it my duty to give him some support. As there has been a ruling that texts should not be used in the House of Commons I shall have to be brief as I have no text. However, I shall continue my remarks in the French language.

(Translation):

Mr. Speaker, the request made last night in this house by the hon. member for Saguenay (Mr. Brisson) is not new, since it dates back to 1916. That was the dream of Sir Rodolphe Forget, who built part of that railroad. I would like to put on record a motion which was placed at my request on the order paper, at the beginning of this session. It deals with the purchasing and improving of that railroad. I quote:

> That, in the opinion of this house, the competent authorities should give early consideration to the advisability of (a) purchasing the railway communications between Quebec and St. Joachim; (b) improving the line between St. Joachim and La Malbaie, in the county of Charlevoix; (c) extending the said communications into the county of Saguenay, by way of Clermont, county of Charlevoix, in order to facilitate the development of the immense resources of Ungava, to make the district more accessible and to provide a railway system for that important part of Canada in a national emergency.

To establish clearly the geographical position of this railway, I should point out that the district of Charlevoix is east of the city of Quebec. The present railway leaves Quebec, crosses the municipalities of Chateau Richer, Ste. Anne de Beaupre, famous for its shrine, Beaupre which boasts a paper mill and a distillery, reaches St. Joachim, continues to petite riviere St. Francois, crosses Baie St. Paul, linking the parishes of St. Hilarion and St. Urbain, passes through St. Joseph de la Rive and from there to St. Irenee, Pointe au Pic, Murray Bay and finally Clermont.

The district of Charlevoix has a population of close to 40,000 whilst the district of Saguenay, as the hon. member for Saguenay pointed out yesterday evening, has a population of approximately 35,000.

It might be well to put on record what Mr. Meighen thought of this railway in 1916, when speaking in the debate. At that time, naturally, approximately 85 per cent of the Charlevoix railway was built. Construction had been started by individuals and assistance from the government had been sought in order to complete the railway. Here is what Mr. Meighen said, as reported on page 4014 of *Hansard* for 1916:

(Text):

When they sit by, therefore, and see their hopes being dispelled by the destruction year by year of the money that has already been spent by private enterprise to reach them, it is no wonder, particularly when they are being called upon to pay their share in connection with other railway projects, that they feel that they have a claim to some recognition at this time. What I want to emphasize is this: These people have a claim that differs entirely from other districts, in that millions of money have gone in there and that that money is being gradually sunk, being almost literally washed away by the river St. Lawrence and by the other corroding acts of time. The longer we wait the more we shall have to pay at some time in order that that district may get the service to which it is entitled. If the population is there—and those who ought to know say it is—and if the population is sure to come—and those who ought to know say it will come—then there will be vindication, there will be justification of this measure. Let us now look upon the matter in the broad way in which we ought to look upon it, even in a time like this.

I wish also to put on record what Sir Wilfrid Laurier said in the same debate.

The usefulness of the railway has been recognized by all governments.

And again:

It is true we are living in strenuous times, and that perhaps now is not the most propitious time we could choose; it is true also that we should be as careful as possible about launching into new enterprises. Unfortunately, this is not a new enterprise, and for my part I should like to see it completed.

(Translation):

Following this discussion, the house then passed an act authorizing the government to purchase the Charlevoix railroad and also that line running from Quebec to St. Joachim. The Canadian National then used this legislation to purchase the railroad between Clermont and St. Joachim. What remains to be expropriated now is the part belonging to the Quebec Railway, running from Quebec to St. Joachim, over a distance of about 30 miles.

More than two million people travel on this part of the railroad each year. In 1950, close to 450,000 tons of freight were shipped over that railway line.

Naturally, this is a rather complex problem and the Canadian National cannot be blamed for improving a railway section not linked to its main system. If we look into the possibility of building a railway on the north shore, where part of the road already crosses the county of Charlevoix, it would be important that the government use the powers provided for in the 1916 legislation in order to expropriate the Quebec Railway so as to increase as much as possible the benefits obtained by the operation of this railway.

It is not difficult to understand why the Canadian National shows an operational deficit on the Murray Bay service since the better part of the revenue is acquired by the Quebec Railway which operates the train over 30 miles through the most profitable part of the district.

I am now concluding my remarks since I firmly intend to introduce the same resolution during the next session and to discuss it at length. I am sorry that during this session circumstances and parliamentary procedure with which I am unfamiliar have made this impossible. The resolution itself is only postponed and I hope until such time as it comes up again the government will seriously take up the matter.

Mr. A. Phileas Cote (Matapedia-Matane): Mr. Speaker, since yesterday, the budget debate seems to have become a first-rate French-speaking contest; I shall therefore speak in my mother tongue.

We are asked, under the present budget, to approve additional taxation which will require us Canadians to pull in our belts to the same extent as our cousins in England. Present conditions offer at least one advantage; it is that we are placed on an equal footing with them. Let us hope that they are as happy as we are about the turn of events.

Let us also hope that the money the government will derive from these taxes will not serve exclusively to kill human beings and that we will become no more hysterical on this side of the Atlantic than our British cousins. For if we are to judge from their attitude our friends over there have kept their heads as well as our money. To my point of view, this does not indicate that people in the most vulnerable country are panic-stricken or that there is either an imminent or a remote danger that we shall witness the end of the world.

This attitude on the part of our friends in Great Britain should mitigate somewhat the hysteria which has overtaken far too many people on this side of the Atlantic. This hysteria, in fact, has done little to promote the cause of peace in our world; should it not be held in check, it may well not only jeopardize the cause of peace but, there and then, the future of the civilized world. I do not think that our crusade in Korea will constitute in the history of mankind a page which will be

a credit to our modern Caesars. In spite of the rather dark prospects in Europe, it is not so sure that the efforts made will be necessary and if they should be that they will necessarily be successful. Nor would this be, for practical purposes, an epic in the history of the world.

Therefore, we might be well advised to examine, and examine most carefully, the proposals put forth, before taking a header in boiling water, or rather in boiling oil, since that is, in my opinion, the true purpose of the feverish preparations going on on both sides of the barricade.

It would then be possible to analyse, from all its angles, a problem that may soon prove to be insoluble in this era of the atomic and germ bombs.

After such an analysis, it might not be so chimerical to hope that by clothing, feeding, housing and caring for those we wish to liberate—and let us not wait four years to do so—our century may become the era of the humble people without anyone resorting to the atomic or germ bombs.

Such a political trend might make it easier to provide funds for the welfare of our own people, here in Canada. For in this country, as in Europe and Asia, some people would certainly be less inclined to serve an ideology other than democracy, were democracy itself to give them less cause for criticism or even, simply, for doubt.

I, for my part, am of the opinion that the saying "the spirit is willing, but the flesh is weak" truly applies not only outside of Canada, but within our very borders.

There is no point in deceiving ourselves. We must admit that there are some people in this country who have been expecting since 1945 the benefits supposedly accruing from the beneficial legislation of 1944: reconstruction and social welfare legislation.

Farmers, fishermen, workers, merchants, the whole population indeed, and especially the people of Quebec in these various spheres of activity, have been waiting ever since 1945. But, like sister Ann, they have seen nothing coming in so far as the implementation of these measures is concerned. I will be told that Ottawa is still waiting for permission from some legislatures to proceed with the plans set forth in 1944.

I will be told also that legislation concerning family allowances, unemployment insurance and various kinds of pensions has already given the desired results.

[Mr. Cote (Matapedia-Matane).]

But I am sure, as I was in 1946, that the most efficient way to oppose the false prophets either in this country or elsewhere is—but allow me at this point to quote what I said at page 79 of *Hansard*, March 19, 1946:

> The nations, aware of the fact that the inescapable realities of our time make it imperative for them all to reorient their thinking with regard to their respective sovereign state authority in relation to world wide sovereignty, will, I hope, establish a universal government.
>
> As far as Canada is concerned, I am sure such an achievement presents no difficulty because, fortunately for our times, we have here in our Canadian government, statesmen who are not afraid to tackle new responsibilities in correlation with rights based on functional contributions.
>
> Such a universal government would provide social peace, as well as national security. It would accelerate free trade and ensure full employment. Full employment, in turn, would bring about better education, better medical care, better housing and more food. With social security at home, no country need fear for its national security, as long as similar conditions prevail all over the world and particularly in the neighbouring countries.
>
> And to ensure a better distribution of wealth, which is, of course, the best safeguard against aggression, it would implement international monetary agreements, provide a proper administration of stabilization funds, international banks or at least clearing houses.
>
> But, most of all, I firmly believe that the most important factor to co-ordinate and consolidate all elements conducive to peace is a world-wide unity of purpose. Such a unity can be reached only if all the peoples consider the world in its true perspective and from the same angle. Such an achievement can only be reached through public enlightenment. Before loving one's neighbour as oneself, one must at least know him. Thus people must be made to know each other, to respect one another's property, to understand one another's way of living and in return expect to be known better, understood better, liked better, through a professional job of international communications, incorporating all kinds of vehicles of information.

I will not make so bold as to offer here a panacea for the world's ills, but neither will I make a show of false modesty by hesitating to express my views in this debate, to all practical or impractical purposes, in the interest of this country and of its people. I am all the more confirmed in this view by hearing and seeing in action some of those who have taken upon themselves to correct the vices of others in the national or international sphere, a most thankless business indeed.

(Text):

Mr. Hodgson: Mr. Speaker, I should like to know what the hon. gentleman is quoting from.

(Translation):

Mr. Fournier (Hull): Continue.

Mr. Cote (Matapedia-Matane): May I suggest—

(Text):

Mr. Hodgson: May I ask the hon. member a question? I should like to know what he is quoting from.

Mr. Fournier (Maisonneuve-Rosemont): He said it.

Mr. Abbott: Like Dr. Bruce, full notes.

(Translation):

Mr. Cote (Matapedia-Matane): May I, in conclusion, suggest to the commoners in this house, whose duty it is, both on the national and the international levels, to set the course of our policy, keeping in mind what might be achieved, for example, by a universal government equipped with legislation, the observance of which would also be entrusted to a universal force—consider for instance how much the humanization of mankind might be furthered through education rather than coercion, through amenity rather than austerity—may I say: social security and national security, yes, they are necessary; but not necessarily through war and austerity.

(Text):

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

YEAS
Messrs:

Adamson
Argue
Beyerstein
Blackmore
Blair
Brooks
Browne (St. John's West)
Bryce
Cardiff
Casselman
Catherwood
Charlton
Coldwell
Courtemanche
Coyle
Diefenbaker
Drew
Fair
Fairclough, Mrs.
Fleming
Fraser
Fulton
Gagnon
Gillis
Graydon
Green
Hansell
Harkness
Hatfield
Hees
Herridge
Hodgson
Johnston
Jones
Knight
Knowles
Lennard
Macdonnell (Greenwood)
MacInnis
McGregor
Murphy
Noseworthy
Nowlan
Pearkes
Poulin
Quelch
Shaw
Stanfield
Stewart (Winnipeg North)
Thatcher
Thomas
Tustin
White (Hastings-Peterborough)
White (Middlesex East)
Wright
Wylie—56.

NAYS
Messrs:

Abbott
Anderson
Applewhaite
Arsenault
Ashbourne
Balcom
Bater
Benidickson
Beaudoin
Bennett
Black (Chateauguay-Huntingdon-Laprairie)
Blanchette
Blue
Boisvert
Boivin
Boucher
Bourget
Bradette
Bradley
Breton
Brisson
Brown (Essex West)
Bruneau
Campney
Cannon
Carroll
Carter
Cavers
Claxton
Cleaver
Cloutier
Corry
Cote (Matapedia-Matane)
Cote (Verdun-La Salle)
Cournoyer
Crestohl
Cruickshank
Darroch
Dechene
Decore
Demers
Dewar
Dickey
Dion
Dube
Dumas
Eudes
Eyre
Ferrie
Follwell
Fontaine
Fournier (Hull)
Fournier (Maisonneuve-Rosemont)
Fulford
Garland
Gauthier (Lake St. John)
Gauthier (Lapointe)
Gauthier (Sudbury)
George
Gibson
Gingras
Goode
Gosselin
Gour (Russell)
Gregg
Harris (Grey-Bruce)
Healy
Hellyer
Helme
Henderson
Henry
Hetland
Howe
Huffman
Hunter
Jeffery
Jutras
Kent
Kirk (Digby-Yarmouth)
Lafontaine
Laing
Langlois (Berthier-Maskinonge)
Langlois (Gaspe)
Lapointe
Larson
Lefrancois
Leger
Lesage
Little
Macdonald (Edmonton East)
MacDougall
MacKenzie
MacLean (Cape Breton North and Victoria)
McCann
McCubbin
McCulloch
McCusker
McDonald (Parry Sound-Muskoka)
McIlraith
McIvor
McLean (Huron-Perth)
McMillan
McWilliam
Major
Maltais
Martin
Masse
Monette
Mott
Murray (Oxford)
Mutch
Nadon
Nixon
Pearson
Picard
Pouliot
Power
Richard (Gloucester)
Richard (St. Maurice-Lafleche)
Riley
Rinfret
Roberge
Robertson
Rochefort
Rooney
Ross (Hamilton East)
Rousseau
St. Laurent
Simmons
Sinclair
Sinnott
Smith (Moose Mountain)
Smith (Queens-Shelburne)
Smith (York North)
Stick
Stuart (Charlotte)
Studer
Tremblay
Valois
Ward
Warren
Weaver
Weir
Welbourn
Whiteside
Winkler
Wood—147.

Mr. Speaker: I declare the amendment lost.

Some hon. Members: Question.

Mr. Gardiner: Mr. Speaker, I was paired with the hon. member for Souris (Mr. Ross). Had I voted, I would have voted against the amendment.

Mr. Speaker: The question is on the main motion. Is it the pleasure of the house to adopt the motion?

Some hon. Members: On division.

Motion (Mr. Abbott) agreed to on division.

WAYS AND MEANS

The house in committee of ways and means, Mr. Dion in the chair.

The Chairman: The house in committee of ways and means on certain resolutions. Shall I report progress?

Progress reported.

BUSINESS OF THE HOUSE

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

He said: Tomorrow we shall take up the budget resolutions.

Mr. Fleming: Which one will be taken first? Under which act?

Mr. Abbott: I am not quite sure, but I think probably the Excise Tax Act. Frankly, I had not anticipated that the debate would conclude this afternoon. It will be either the resolutions with respect to the Excise Tax Act or the resolutions respecting the personal income tax. I would hope that hon. members would be prepared to discuss either group.

Mr. Graydon: The non-controversial ones?

Mr. Abbott: Yes.

Motion agreed to and the house adjourned at 6.10 p.m.

HOUSE OF COMMONS

Thursday, April 26, 1951

The house met at three o'clock.

CONFERENCES

COST OF CANADIAN REPRESENTATION—REFERENCE TO REMARKS IN DEBATE ON APRIL 25

Mr. George A. Drew (Leader of the Opposition): Mr. Speaker, I rise on a question of privilege. Yesterday during the debate on the budget I raised certain points with regard to Canadian representation at a number of conferences; and as reported at page 2373 of *Hansard* I said:

> But I wonder how important to the government and the people of Canada was a conference described as the international congress of chocolate and cocoa manufacturers which was held at Lausanne last year.

Then further on I said:

> And I do not know that we have heard anything of what was gained by our attendance at the international congress of psychiatrists at Paris, or the meeting of the directing council and sanitary conference of the Pan-American bureau of Ciudad Trujillo.

Later I referred to the Washington conference of the society of vertebrate palaeontology and the palaeontological society. At that point I noticed that the Secretary of State for External Affairs (Mr. Pearson) was about to rise, and I mentioned that fact. Then, as reported in *Hansard*, the Secretary of State for External Affairs said:

> I was just going to say there were no delegations at those conferences.

It is possible that there is some distinction in the use of words which is in the mind of the Secretary of State for External Affairs, but certainly the thought conveyed to my mind, and I know to others, was that this statement was incorrect as to the fact that Canada had attended those conferences. I therefore should like to refer to the report of the Department of External Affairs for the year 1950, issued over the signature of the Secretary of State for External Affairs. At pages 82 and 83 I find that Canada was represented, according to the official statement of the department, at the conferences which I have just mentioned.

Hon. L. B. Pearson (Secretary of State for External Affairs): Mr. Speaker, if I may, I should like to add a word on the question of privilege raised by the hon. gentleman. If my intervention yesterday gave the impression, as it might well have done, that there was no Canadian representation of any kind at these conferences, I was entirely wrong, and I apologize to the hon. gentleman and to the house for giving that impression. It is quite true that, with regard to these four conferences, there were individual Canadian observers at two of them and individual Canadian representatives from departments of government at the other two. In that sense, Mr. Speaker, Canada was represented at those four meetings; and I am extremely sorry to have given the wrong impression by my intervention yesterday.

COMMITTEES OF THE HOUSE

PUBLIC ACCOUNTS—VETERANS AFFAIRS—CHANGES IN PERSONNEL

Mr. W. G. Weir (Portage-Neepawa) moved:

That the name of Mr. Macdonnell (Greenwood) be substituted for that of Mr. White (Hastings-Peterborough) on the standing committee on public accounts.

That the name of Mr. Richard (Gloucester) be substituted for that of Mr. Langlois (Gaspe) on the special committee on veterans affairs.

That the name of Mr. Weaver be substituted for that of Mr. Maybank on the standing committee on public accounts.

Motion agreed to.

QUESTIONS

(Questions answered orally are indicated by an asterisk.)

DUCK LAKE INDIAN RESERVE—ACQUISITION OF LAND

Mr. Thatcher:

1. During the past two years, have Mr. Peter Wilk or Mr. Richard K. Lehman acquired land in the Duck Lake Indian reserve?

2. If so, has either gentleman a joint lease with any other person?

3. If so, what is the name of the other person?

Mr. Harris (Grey-Bruce):

1. Yes.

2. Yes.

3. On July 6, 1950, a crop share lease on the usual terms was issued in favour of Messrs. R. K. Lehman and W. A. Tucker covering 320 acres of land in the Okemasis and Beardy's Indian reserves.

H.M.C.S. "CORNWALLIS"—CONTRACTS FOR REPAIRS, ETC.

Mr. Balcom:

1. What firms were awarded contracts, and what was the amount of each contract, during 1950-51

for (a) new construction and repairs; (b) catering; (c) supplies for H.M.C.S. *Cornwallis*?

2. Were tenders called in each instance?

3. If so, who submitted tenders, and what was the amount of each tender?

Mr. McIlraith: Mr. Speaker, to obtain the information asked in part 1 (c) in the three questions which appear on the order paper as Nos. 4, 5 and 6, would require detailed examination of something over 12,000 files. I presume it is not the wish of the hon. member asking the question, or of the house generally, that this work be undertaken. I propose therefore to answer the three questions subject to this reservation, and I would ask that with the reservation the questions be declared answered.

Mr. Speaker: Questions 4, 5 and 6, asked by the hon. member for Halifax (Mr. Balcom), are answered, subject to the reservation made by the parliamentary assistant.

Mr. McIlraith: Then, the answer to the first question, No. 4, is as follows—and the answers to the other two are subject to the same reservation:

1. (a) New construction: Annapolis Valley Construction Ltd., Truro, N.S., $409,822.00; Repairs: Dominion Atlantic Railway, Kentville, N.S., $627.00; Walker & Hall Ltd., Halifax, N.S., $29,141.00. (b) Catering: Commercial Caterers Ltd., Toronto, Ont., $141,218.50 (estimated).

2. Answered by No. 3.

3. New Construction: Annapolis Valley Construction Ltd., Truro, N.S., $409,822.00; Kenney Construction Co., Yarmouth, N.S., $485,700.00; Acadia Construction Co., Bridgewater, N.S., $554,000.00.

Repairs: The contract placed with Dominion Atlantic Railway was on a negotiated basis as they were the owners of the railway siding which underwent repairs.

Walker & Hall, Ltd., Halifax, N.S., $29,141.00; Clare Shipbuilding Co. Limited, Montreal, P.Q., $32,060.00; J. Harold Stephens, Annapolis Royal, N.S., $34,224.00; J. S. Parker, Saint John, N.B., $57,000.00; Standard Construction Co. Ltd., Halifax, N.S., $65,648.00.

Catering: The contract with Commercial Caterers Ltd., Toronto, Ont. was originally placed in 1949 on a competitive tender and has since been renewed annually, on a negotiated basis at a reduced price.

R.C.A.F. HEADQUARTERS, GREENWOOD, N.S.—CONTRACTS FOR CONSTRUCTION, REPAIRS, ETC.

Mr. Balcom:

1. What firms were awarded contracts, and what was the amount of each contract, during 1950-51 for (a) new construction and repairs; (b) catering; (c) supplies for the R.C.A.F. headquarters at Greenwood, Nova Scotia?

2. Were tenders called in each instance?

3. If so, who submitted tenders and what was the amount of each tender?

[Mr. Balcom.]

Mr. McIlraith:

1. (a) New construction

Maritime Telegraph and Telephone Company, Halifax, N.S. Estimated expenditures	$ 19,132.38
Modern Construction Ltd., Moncton, N.B.	178,985.00
Repairs	
Acadian Construction Co. Ltd., Bridgewater, N.S.	$ 4,710.00
Rodney Construction Ltd., Yarmouth, N.S.	35,960.00
Dominion Atlantic Railway, Kentville, N.S.	3,346.00
Babine & Taylor, Yarmouth, N.S.	37,866.00

(b) Catering

None.

2. Answered by No. 3.

3. New construction

The contract with Maritime Telegraph and Telephone Company was negotiated.

Modern Construction Co., Ltd., Moncton, N.B.	$ 178,985.00
Rodney Contractors Ltd., Yarmouth, N.S.	189,685.35
Eastern Woodworkers, Ltd., New Glasgow, N.S.	194,969.00
Kenney Construction Co., Ltd., Yarmouth, N.S.	195,000.00
Foundation (Mar.) Ltd., Halifax, N.S.	199,574.00
Terminal Construction Co., Ltd., Dartmouth, N.S.	210,000.00
Repairs	
Acadia Construction Co., Ltd.	$ 4,710.00
Terminal Construction Co. Ltd., Montreal P.Q.	9,200.00
Construction Equipment Co. Ltd., Halifax, N.S.	10,960.00 or 9,240.00
Rodney Construction Ltd.	$ 35,960.00
Killan Noah, Yarmouth, N.S.	42,800.00
Jas. S. Surette, Eel Brook, N.S.	45,000.00
Nova Scotia Waterproofers, Halifax, N.S.	56,700.00

The contract placed with Dominion Atlantic Railway was on a negotiated basis as they were the owners of the railway siding which underwent repairs.

Babine & Taylor, Yarmouth, N.S.	$ 37,866.80
Terminal Construction Co., Ltd., Moncton, N.B.	49,500.00
Rodney Contractors Ltd., Yarmouth, N.S.	49,800.00
Kenney Construction Co. Ltd., Yarmouth, N.S.	Cost plus a fixed fee of $3,000.00

OFFICERS TRAINING CORPS—ALLOCATIONS TO UNIVERSITIES

Mr. Pearkes:

1. Are quotas, in so far as the number of students who may join a contingent of the C.O.T.C., allocated to Canadian universities?
2. If so, what quotas were allocated to the various universities during 1950?
3. To what extent were these quotas filled?

Mr. Blanchette:

1. Yes, to universities which have authorized university contingents of Canadian Officers Training Corps.

2 and 3.

University Contingent	Quota Allotted	Quota Filled
Acadia university	39	39
Dalhousie and King's universities	103	100
Memorial university of Newfoundland	23	24
Mount Allison university (includes St. Joseph's)	40	40
Nova Scotia Technical college	18	16
New Brunswick university	41	39
St. Anne's college	5	5
St. Dunstan's college	15	15
St. Francis Xavier university	34	44
University of St. Mary's college	21	22
St. Thomas university	17	17
Laval university	128	130
Loyola college	33	54
McGill university	127	160
University of Montreal	177	146
Carleton college	35	36
McMaster university	40	60
Ontario Agricultural college	34	20
Ottawa university	48	55
Queen's university	86	76
University of Toronto	283	238
University of Western Ontario	83	71
University of Manitoba	170	149
University of Saskatchewan	146	143
University of Alberta	105	103
University of British Columbia	169	184
Royal Military college	136	138
Royal Roads	47	47
Sir George Williams	28	28
Totals	2231	2199

Note: As the grand total of the number of cadets enrolled is within the allotted quota, a few universities have been allowed to enrol beyond their authorized quotas. Before the next academic year the authorized quotas for each university will be subject to review.

ARMY HEADQUARTERS, ALDERSHOT, N.S.—CONTRACTS FOR CONSTRUCTION, REPAIRS, ETC.

Mr. Balcom:

1. What firms were awarded contracts, and what was the amount of each contract during 1950-51 for (a) new construction and repairs; (b) catering; (c) supplies, for the army headquarters at Aldershot, Nova Scotia?
2. Were tenders called in each instance?
3. If so, who submitted tenders, and what was the amount of each tender?

Mr. McIlraith:

1. (a) New construction, none.

Repairs

H. B. Mitchell, Wolfville, N.S.	$ 9,033.00

(b) Catering

Commercial Caterers Ltd., Toronto, Ont.	$22,660.35

3. Repairs

H. B. Mitchell, Wolfville, N.S.	$ 9,033.00
Powers Bros. Limited, Lunenburg, N.S.	9,461.00
J. V. MacPherson Limited, Halifax, N.S.	10,568.00
Hagen & Company, Halifax, N.S.	13,402.00

Catering

Commercial Caterers Ltd., Toronto, Ont.	$22,660.35
Canada Catering Co. Ltd., Toronto, Ont.	23,543.29
Hubbert's Food Services, Toronto, Ont.	30,736.55
Dominion Catering Co. Ltd. Toronto, Ont.	30,781.29
Maritime Caterers Ltd., Digby, N.S.	38,191.04

VESSEL "LAHAVE"

Mr. Nowlan:

1. Has the government of Canada, or any corporation or agency on its behalf, purchased from A. S. Publicover, of LaHave, Lunenburg county, Nova Scotia, a boat formerly known as *LaHave*?
2. If so, for what purposes was the said boat bought, and what was the amount paid therefor?

Mr. Blanchette:

1. Yes.

2. Oceanographic and hydrographic research, for $60,000.

QUESTION PASSED AS ORDER FOR RETURN

NEW PRINTING BUREAU BUILDING

Mr. Harkness:

1. What was the original estimate of the total cost of the new government printing bureau in Hull, Quebec?

Inquiries of the Ministry

2. What is the present estimate of what the total cost will be?
3. How much was paid for the site on which the building is being erected?
4. What is the size of the building?
5. Was any amount included in the estimate to prevent a flooding of the site and building?
6. What means are planned to prevent flooding?
7. What will be the cost of this flood prevention?
8. What is the cost, or estimated cost, of present operations to clear water from the foundations?
9. How much money has been appropriated for the building?
10. What is the present estimated total cost of the building to be?
11. What departments will it accommodate?
12. Will the new building house all of the departments presently scattered about Ottawa?
13. What new equipment will be purchased for the composing room, press room, bindery, and other mechanical departments?
14. What is the estimated cost of all new equipment?
15. What will be the volume of printing turned out by the new bureau as compared with the present volume turned out by existing accommodation and equipment?
16. What amount does the government hope to save by the bureau expansion?
17. How do bureau printing costs compare with prices charged by competitive private plants?
18. At the present time, (a) how much printing is going outside of the bureau to commercial printers; (b) what are the dollar amounts of this, by provinces?

BUTTER

REQUEST FOR STATEMENT AS TO FLOOR PRICE

On the orders of the day:

Mr. G. A. Cruickshank (Fraser Valley): Mr. Speaker, I should like to ask a question of the Minister of Agriculture. Is he in a position to say when we may have a statement regarding butter?

Right Hon. J. G. Gardiner (Minister of Agriculture): I am still hopeful I shall be able to make a statement tomorrow.

REFERENCE TO STORAGE FIGURES GIVEN IN RETURN TABLED APRIL 12

On the orders of the day:

Mr. G. K. Fraser (Peterborough West): Mr. Speaker, I should like to ask a question of the Minister of Agriculture. A return, sessional paper 159-A, having to do with butter held in storage and sold by the government, was tabled in my name on April 12, 1951. In this return it is stated that the total sales for January and February, 1951, amounted to 17,696,793 pounds, whereas total individual sales, according to the figures set out in the return, total 18,653,620 pounds. Will the minister find out why there is that discrepancy between the actual figures and the figures given?

Mr. Cruickshank: The rest melted.

[Mr. Harkness.]

Right Hon. J. G. Gardiner (Minister of Agriculture): I shall look into the figures, and give special attention to the alleged discrepancy.

KOREA

RETALIATORY MEASURES IN THE EVENT OF BOMBING FROM MANCHURIAN BASES

On the orders of the day:

Mr. M. J. Coldwell (Rosetown-Biggar): Mr. Speaker, I should like to ask a question of the Secretary of State for External Affairs. Has Canada, as a participant in military action in Korea and as a member of the United Nations, been consulted regarding the announcement that enemy air bases in Manchuria will be attacked if the Chinese communists use heavy air power against United Nations troops? If so, will the minister make a statement in this connection?

Hon. L. B. Pearson (Secretary of State for External Affairs): Mr. Speaker, in reply to the important point raised by the hon. member, I would say that so far as the government is aware, no announcement on the subject has been made. The hon. member is presumably referring to a report in this morning's newspapers which is attributed to a spokesman for the United States delegation at Lake Success.

Mr. Coldwell: That is right.

Mr. Pearson: However, I am very glad to have this opportunity of making a brief statement of the government's position in regard to this matter.

Some five months ago the government informed the United States government, in response to an inquiry from that government—they brought the matter up—that, though a strong case could be made under international law that the United Nations commander in chief had the right to retaliate against any air attacks launched from Manchuria, we considered it important, as indeed did other governments, that no military operations take place outside Korean borders without specific authority from the United Nations.

Since that time various aspects of the Korean operations have been the subject of discussions in Washington, as indeed I have indicated previously in the house, among representatives of the countries having forces in Korea.

So far, however, the Canadian government has received no request for concurrence in any proposal to authorize United Nations retaliation upon enemy air bases outside Korea, probably for the very good reason that there has been no massive enemy air

bombing from Manchuria. If there is such air intervention, for the consequences of which the Chinese communists would have to bear full responsibility, it is our view that those countries with forces in Korea, and participating in military operations there, should be consulted in regard to the implications of that action—that is, air bombing—and in regard to any retaliatory action which may be required to meet it.

However, it is of course possible to visualize a situation where immediate retaliatory action, without consultation, might be unavoidable in pursuing enemy bombers back to the Manchurian air base from which they came. The decision on the spot to take such immediate retaliatory action would presumably be based on overriding considerations of military security.

In any discussions regarding more general retaliatory action against Manchurian air bases, the decision to authorize such action would, as we see it, have to balance very carefully local military considerations against the risk of precipitating a further extension of the war and the effect of such an extension on the security of the United Nations forces in Korea, and the accomplishment of United Nations aims there.

Mr. Graydon: Is there any continuing conference of representatives of nations whose forces are engaged in Korea, through which these matters can be cleared at very short notice; or do they have to go through the long procedure of conferring among the governments of the various countries?

Mr. Pearson: No; the representatives of governments contributing forces to the Korean campaign meet almost daily in Washington, and on a level high enough to make it possible to get a decision almost immediately in respect of these matters.

NATIONAL DEFENCE

UNITED STATES BASES IN NEWFOUNDLAND

On the orders of the day:

Mr. L. T. Stick (Trinity-Conception): Mr. Speaker, I should like to ask a question of the Prime Minister. A report from Washington last night stated that an agreement has been concluded in connection with the American bases in Newfoundland, and will be announced shortly. Would the Prime Minister care to make a statement in the matter at this time?

Right Hon. L. S. St. Laurent (Prime Minister): I thank the hon. member for having sent me this morning notice of his intention to ask this question, which refers to negotiations still under way with the government of the United States. I do not think it would be proper for me to make any statement today, but I hope to be in a position to do so early next week.

HOUSING

QUESTION AS TO LOANS UNDER NATIONAL HOUSING ACT

On the orders of the day:

Mr. W. Ross Thatcher (Moose Jaw): I should like to ask a question of the Minister of Resources and Development. In view of the increasing reluctance or outright refusal of Canadian insurance companies to make loans for house building in many localities under the National Housing Act, has the government considered entering the housing field where necessary and providing the total National Housing Act loan, as it is empowered to do under the act?

Hon. Robert H. Winters (Minister of Resources and Development): I thank the hon. member for having given notice of his question. I can only say that the whole problem of housing is receiving the active consideration of the government. The decisions made will be announced from time to time.

Mr. Thatcher: Does the minister realize that many Canadian insurance companies in most parts of Canada are not lending money under the National Housing Act?

Mr. Winters: I am aware of the development in that field.

IMMIGRATION

REPORT AS TO TREATMENT OF PERSONS COMING TO CANADA FROM EUROPE

On the orders of the day:

Mr. J. G. Diefenbaker (Lake Centre): I should like to direct a question to the Minister of Citizenship and Immigration. A week ago I asked a question arising out of a statement which had been made by John Fisher, the well known C.B.C. commentator, with regard to the treatment of immigrants. The day before yesterday Mr. Fisher is again reported to have spoken in Toronto to the effect that he is still healthily hot under the collar over the way immigrants are treated when they arrive in Canada. I should like to ask the minister whether he has made any investigation with regard to the statement made by Mr. Fisher to the end that any bureaucratic injustices to immigrants will be done away with, if such action is justified by the investigation.

Inquiries of the Ministry

Hon. W. E. Harris (Minister of Citizenship and Immigration): As the hon. member has said, this matter was drawn to the government's attention a week ago today. We attempted to get in touch with Mr. Fisher to ascertain the basis of his complaints, and succeeded in doing so only the day before yesterday, by telephone, when he promised to write us and let us know the details. His letter was received this morning, and I would prefer to wait until tomorrow to make an answer.

Mr. Brooks: Can the minister state at what port the immigration station in question is located?

Mr. Harris (Grey-Bruce): The first report which appeared in the Toronto *Telegram* referred to Moncton. The *Telegram* got in touch with our immigration officer at Moncton to ask for his reaction. As a result, Mr. Fisher sent a telegram to our office at Moncton apologizing and stating that he had not intended to refer to him but rather to the inspection at Montreal. It is that port we are now discussing.

NATIONAL CAPITAL PLAN

INQUIRY AS TO REPORT OF COMMITTEE

On the orders of the day:

Mr. J. G. Diefenbaker (Lake Centre): I should like to ask the Prime Minister if the final report of the national capital planning committee is ready.

Right Hon. L. S. St. Laurent (Prime Minister): I understand that the report is being completed and will be ready for presentation at a function which the chairman of the federal district commission is now arranging. I cannot indicate just what the details of the arrangements are, but I know that simultaneously with the publication of the report he is arranging for a meeting of one of the advisory boards of the federal district commission.

Mr. Diefenbaker: Will that meeting have to take place before the report is tabled?

Mr. St. Laurent: I understand that Mr. Greber is about to come over, or is on his way over, and that all that is being co-ordinated to take place at the same time.

EXTERNAL AFFAIRS

PERSONNEL OF INTERNATIONAL CONFERENCE SECTION OF DEPARTMENT

On the orders of the day:

Mr. George A. Drew (Leader of the Opposition): Mr. Speaker, I wish to direct a question to the Secretary of State for External Affairs, of which I have given notice. I might explain that in the ordinary course of events this question could be put forward conveniently as a question on the order paper, but in view of the fact that the budget resolutions are being discussed I am putting the question in this way. I should like to know the number of employees in the international conference section which was set up last year to deal with invitations to international conferences, and the name of the official who heads that section.

Hon. L. B. Pearson (Secretary of State for External Affairs): The international conference section of the Department of External Affairs is a branch of the United Nations division and reports directly to the under-secretary. It consists of a foreign service officer, two clerks grade IV, and a stenographer. Subject to correction, I think the name of the foreign service officer is Mr. Hardy. If that is not the correct name, I shall be glad to give it to my hon. friend later.

ARTS, LETTERS AND SCIENCES

INQUIRY AS TO TABLING OF REPORT OF ROYAL COMMISSION

On the orders of the day:

Mr. Donald M. Fleming (Eglinton): In view of the fact that a week has passed since the date on which the Prime Minister expected to be able to table the report of the royal commission on arts, letters and sciences, will he indicate when we may now expect it?

Right Hon. L. S. St. Laurent (Prime Minister): I stated subsequently that I had been too optimistic. I have been informed that there are some difficulties in connection with the translation and printing of the report, and the latest information I have is that we may not have it until about May 14.

BUSINESS OF THE HOUSE

INQUIRY AS TO LEGISLATIVE PROGRAM FOR THE PRESENT SESSION

On the orders of the day:

Mr. George A. Drew (Leader of the Opposition): In view of the fact that the budget debate has now been completed, will the Prime Minister indicate to the house the legislation that the government proposes to introduce during the present session?

Right Hon. L. S. St. Laurent (Prime Minister): I should not like to attempt to do that without notice. A substantial legislative program is indicated on the order paper, and before that is disposed of by the house

there will be several other items added. I should not like to attempt at this moment to give anything like a complete indication of what it may be necessary to deal with during the course of this session. As early as we can find it convenient to do so, we will make as complete a statement as possible.

Mr. Drew: As a supplementary comment I would point out that while the press reports may be entirely speculative, there have been some comments about the possibility of not carrying forward an extensive legislative program during the current part of this session but deferring it to the autumn. It is with such a possibility in mind that I express the hope that we will proceed with the legislative program with some knowledge of when the various measures will be coming up. I was thinking particularly of the possibility of the early introduction of old age pensions legislation, in view of the statement made yesterday by the Minister of Justice (Mr. Garson).

Mr. St. Laurent: I can assure the leader of the opposition that just as soon as we have cleared the matter of the text with the ten provincial governments there will be an address submitted to this house and to the other place to seek the constitutional amendment required. With respect to the speculative stories in the newspapers about an adjournment of the house, to proceed again in the autumn, I can assure the hon. gentleman that I was as much surprised as he was to see that in the newspapers, because it was something which had not been given any consideration by the government.

BUSINESS FOR FRIDAY, APRIL 27

On the orders of the day:

Mr. J. L. Gibson (Comox-Alberni): I should like to direct a question to either the Prime Minister (Mr. St. Laurent) or the house leader, the Minister of Public Works. In view of the fact that a large number of members are going to Toronto tomorrow afternoon to acquire some culture, would the government be willing to indicate what will be the order of business tomorrow when everybody is away?

Hon. Alphonse Fournier (Minister of Public Works): We are living in the hope that the budget resolutions will carry today. I am holding back the Minister of Transport (Mr. Chevrier) from travelling to Toronto, so that he can conclude his estimates and take up one bill.

NEWSPRINT

PRESS REPORT OF ADDRESS DELIVERED IN NEW YORK BY CONTROLLER

On the orders of the day:

Mr. Stanley Knowles (Winnipeg North Centre): I should like to direct a question to the Minister of Defence Production. Has the minister's attention been called to a report in today's press of an address made in New York by Mr. Fowler, the newsprint controller, in which he is reported to have taken a stand against any price ceiling on newsprint being established by the United States? May I ask whether Mr. Fowler was expressing Canadian government policy in taking that stand?

Right Hon. C. D. Howe (Minister of Defence Production): I am sorry I have not seen the report, but I presume that if Mr. Fowler made such an address he was speaking in his capacity of president of the Canadian Pulp and Paper Association. He had no authority, so far as this government is concerned, to state that as a policy, as an officer of the government.

Mr. Knowles: May I just point out that in the newspaper report Mr. Fowler is referred to as acting in both capacities, as president of the pulp and paper association and also as the government newsprint controller.

WAYS AND MEANS

The house in committee of ways and means, Mr. Dion in the chair.

EXCISE TAX ACT

Resolved, that it is expedient to introduce a measure to amend the Excise Tax Act and to provide:

1. That the rate of the general sales tax be increased from eight to ten per cent and that the rate of sales tax on those articles at present subject to four per cent be increased to five per cent.

2. That the excise tax on goods mentioned in schedule I of the act, and on furs, that are at present subject to the rate of fifteen per cent be increased to twenty-five per cent.

3. That the excise tax on candy, chocolate, chewing gum and confectionery that may be classed as candy or a substitute for candy, be reduced from thirty to fifteen per cent.

4. That there be imposed, levied and collected an excise tax of fifteen per cent on the following goods when adapted to household or apartment use:

(a) stoves, hot plates, grills and other appliances when adapted wholly or in part for cooking and when designed for using other than solid fuels;

(b) washing machines operated by electric or other power;

(c) electric, gas or kerosene refrigerators and freezing equipment and complete parts therefor including coils, condensing or compressor units, motors, cabinets, boxes, evaporators and expansion valves.

5. That the excise tax on cigarette papers and cigarette paper tubes be repealed.

6. That the excise tax on the following goods be increased by the amounts shown:

(a) for each five cigarettes or fraction of five cigarettes contained in any package, three-quarters of one cent;

(b) for each ounce or fraction of an ounce of manufactured tobacco, including snuff but not including cigars and cigarettes, contained in any package, three cents;

(c) for each ounce or fraction of an ounce of Canadian raw leaf tobacco when sold for consumption in Canada, three-quarters of one cent.

7. That the sales tax on the following goods be repealed:

(a) cortisone;

(b) adrenocorticotrophin (ACTH).

8. That any enactment founded upon this resolution be deemed to have come into force on the eleventh day of April, nineteen hundred and fifty-one.

The Chairman: Order. The house in committee of ways and means to consider a certain resolution, Excise Tax Act. Shall the resolution carry?

Mr. Macdonnell (Greenwood): No. I take it we are dealing with paragraph 1 of the Excise Tax Act resolution. So far as the rate of the sales tax is concerned, I do not propose to reiterate the remarks which I and others have made, but in view of the strong feeling about it I want to ask one general question. The minister made the ingenious argument in his budget speech that it did not affect people very much. I do not think we would get a majority for that view anywhere in the country except in this chamber. In view of the fact that it is proposed to increase the rate of tax by twenty-five per cent, from eight to ten, or from four to five, as the case may be, I should like to ask whether any consideration has been given to the possibility of increasing the exemptions under the tax in order to try to offset the burden of the added cost of living which will fall on so many people as a result of the addition to the tax.

Mr. James Sinclair (Parliamentary Assistant to the Minister of Finance): Each year when the sales tax is reviewed by the budget committee consideration is of course given to the base of exemptions as well as to the rate of tax. Each year has seen that base extended, and some years quite measurably. For example, that was the case in 1949 and 1950. This year, when we are faced with the problem of raising extra revenue, of course conditions are not quite as favourable as usual to expanding the base, but consideration was given. There are one or two small exemptions this year from the sales tax involving drugs, but that is the only broadening of the base.

As to the hon. member's comments about the part of the family income spent on goods which are subject to sales tax, I have here an analysis by the dominion bureau of statistics giving a break-down according to the various income classes and categories of expenditure. It is not the sort of table that I can read, but if it is of any interest I can have it put on *Hansard*.

Mr. Low: Would you put it on *Hansard*?

The Chairman: Has the hon. member permission?

Some hon. Members: Agreed.

Mr. Sinclair: The table is as follows:

PERCENTAGE OF FAMILY INCOME SPENT ON MAJOR CONSUMER ITEMS SUBJECT TO SALES TAX FOR VARIOUS INCOME GROUPS

(Based on Results of Dominion Bureau of Statistics Survey of Family Expenditures in 1947–1948)

Family Income Group	Average Family Income in Group	Clothing	Furniture, Household Equipment	Tobacco	Automobiles	Gas, Oil and Tires	Alcoholic Beverages	Food[1]	Equipment for Recreation[2]	Confectionery and Soft Drinks	Total[3] of Foregoing
$	$	%	%	%	%	%	%	%	%	%	%
Under 1,051	693	11·1	4·1	3·5	·6	1·3	·7	1·7	1·0	·9	24·9
1,051–1,549	1,362	13·2	5·5	4·3	1·3	2·1	1·1	1·4	·9	1·0	30·9
1,550–2,050	1,878	11·5	5·6	4·3	1·4	1·5	1·4	1·4	1·7	1·0	29·9
2,051–2,549	2,365	10·1	7·8	4·4	1·9	1·7	1·7	1·4	1·1	·8	31·0
2,550–3,050	2,865	11·3	7·8	4·0	2·9	2·4	1·5	1·4	1 5	·9	33·8
3,051–3,549	3,371	10·9	7·6	3·9	3·7	2·6	1·6	1·2	1·3	·7	33·6
3,550–4,050	3,844	12·1	7·5	3·7	3·5	2·7	1·5	1·2	1·4	8·	34·3
4,051–5,050	4,570	12·0	7·2	3·6	3·3	2·4	1·3	1·1	1·3	·7	33·0
5,051–7,499	6,070	12·6	6·1	3·1	4·0	3·0	1·3	·9	1·2	·7	33·0
7,500 and over	11,145	9·3	4·8	2·1	2·6	2·3	1·2	·5	1·0	·5	24·4

[1] Practically all foodstuffs are exempt from tax.

[2] Included are expenditures on such items as toys, radios, phonographs and records, cameras and films, sports equipment and books.

[3] Does not include direct expenditures on certain taxable goods, such as jewellery, toiletries and medicines, nor is account taken of expenditures where sales tax may be borne indirectly, such as expenditures on travel, where certain purchases of the transportation company are subject to the sales tax.

80709—154½

Mr. Macdonnell (Greenwood): The parliamentary assistant referred to one or two highly specialized commodities. I take it his answer is that the matter has been considered, and that it is not proposed to do anything further to broaden the base of exemption.

Mr. Sinclair: That is right.

Mr. Fleming: I wonder if the parliamentary assistant has with him information as to the amount realized by way of sales tax on such staple articles as clothing and shoes?

Mr. Sinclair: I am informed there is no break-down that way at all. The tax is levied at the manufacturer's or wholesaler's level, whichever is more convenient, and the tax is paid on all goods that are subject to sales tax—clothing, shoes, and so forth; but the Department of National Revenue does not keep separate records of such goods.

Mr. Fleming: I wonder how the department can perform its function in connection with the preparation of the budget each year, or advise the minister or the budget committee as to what steps should be taken with reference to expanding the exemptions from the sales tax, unless there is a break-down indicating the amount levied on various staple commodities. We all know that clothing of practically every kind is subject to sales tax. Boots and shoes are subject to sales tax. The clothing that all of us are wearing in this house this afternoon has been subject to sales tax if produced in Canada. I must express some surprise that it is not possible for the government to acquaint the house with the amount realized from this tax on staple necessities of that kind.

It is because the tax applies heavily, and will hereafter apply more heavily, to staple necessities of life that we in the opposition have been so firm in our denunciation of this increase. At a time when inflation and the soaring cost of living have laid burdens upon people of slender means which under present conditions they are simply not able to bear, the imposition of an increased burden of this kind on the very necessities of life is worthy only of denunciation at the hands of members who are vigilant to do their duty in the face of the difficulties under which so many Canadians are labouring today in making ends meet.

I have mentioned the clothing that we wear, the shoes on our feet. There are many other necessities of life the cost of which is going to be severely increased as a result of this further imposition by way of sales tax. I gave a simple illustration the other day, the scribblers, pencils and things of that nature that school children are going to have to buy. In some municipalities these articles are provided by the boards of education at the expense of the local taxpayers. What justification can there be for the federal government to increase impositions of that kind on such necessities, the cost of which is borne either by the parents of school children or by municipal taxpayers who have to provide the means out of which boards of education purchase these necessities? What justification can there be for the federal government to tax local governments in that way? It seems to me that a government at Ottawa that proceeds on that basis has chosen a course that cannot be condoned by the House of Commons.

This present budget resolution, perhaps above all budget resolutions that have provoked a storm of public protest, stands out as the one which has provoked the greatest measure of protest and consternation throughout the country. Others, of course, share the unenviable distinction of this resolution in heaping further burdens upon the shoulders of those who can barely stagger along now in view of the soaring cost of the necessities of life. This has the peculiar distinction of being the one which perhaps more clearly than any other offends against all the rules of budgeting that should be followed at a time like this. That is because it applies to consumers, since there is very little choice with respect to many of the commodities to which the sales tax applies. So many of those commodities, according to any civilized standard, any Canadian standard, cannot be regarded as anything but the accepted necessities of life.

This is the kind of tax that was denounced in a general election campaign ten years ago by the late Mr. Mackenzie King, who went up and down this country calling it an iniquitous tax. Yet this is the tax which in this year 1951 the Minister of Finance has chosen not simply to continue, but to increase by a further twenty-five per cent. We know things change in the Liberal party. We know they have changed drastically when we recall what was said on the subject of the sales tax by previous ministers of finance. I am sure I need not repeat the pertinent reference to the sales tax made by the late Mr. Ralston in his budget speech in 1940, the first year of the war. I am sure I need not repeat what was said on this very subject by Mr. Ilsley in wartime, and again in peacetime, in 1945. Faced with the need for increased revenue, they deliberately and purposely declined to increase the sales tax. The need for revenue was very great in the years of which I am speaking. The government claims that its need for revenue today is great. Some of us might feel more certain that the need is

genuinely great if the government were not so averse to permitting any effective scrutiny of the estimates of expenditure they have asked the house to vote. Having tied the hands of the house, having prevented the house from conducting any really effective scrutiny of the estimates of expenditure, the government has deliberately invited suspicion in this house and throughout the country as to whether these gigantic increases in taxes really are necessary.

In any case, whether any increase in taxation is necessary, this is the last place it should have been imposed. If the government seriously appreciated the problem of inflation, if it understood how inflation hurts Canadians from coast to coast in trying to meet their family budgets from day to day, one would have expected a resolute effort to be made to reduce this tax which does so much to increase the cost of living. Those of us who three years ago had to sit through the agonizing experience of the special committee on prices will have some recollection that a good deal of evidence was presented to show that prices were rising and imposing a very heavy burden upon the average Canadian family just because the government was applying taxes of this kind. And those taxes, including the sales tax, are not applied only to luxuries, if you please, but in many cases to commodities which under any accepted Canadian standard are basic necessities of life. In the face of all that, however, the government chooses not to reduce the tax or even to leave it at its previous high level, but to increase it. The present minister has chosen to disregard the words of, and ignore the course followed by, his predecessors, Mr. Ralston and Mr. Ilsley. In the war years and in 1945 the need for revenue was greater, as far as finances were concerned, than is the need of the minister today; none the less they deliberately refused to increase this tax.

It was not that the tax was not easily collected. As a matter of fact, in his budget speech of 1945 Mr. Ilsley referred to the fact that the tax was very easy to collect. Therefore it is the kind of tax that might be expected to appeal to a minister of finance who was not concerned with anything more than the ease with which he and his tax collectors could put their hands into the pockets of the people and withdraw the needed revenue. Those previous ministers, faced with that problem, chose not to increase the sales tax. The present minister, faced with a similar problem, nevertheless now comes forward with a proposal that the tax be increased by a thumping twenty-five per cent. I say there is no justification whatsoever for this budget resolution. I should have thought this would have been one opportunity for private members supporting the government in this house, concerned as they surely must be with the problems being faced by Canadians in trying to meet their family budgets, to rise in their places and say: We cannot support an increase in the sales tax when we know what further burdens it is certain to impose upon Canadian families.

We will listen attentively for some evidence that the pleas of the people, particularly those of small means who by the tens of thousands in all parts of this country are barely keeping their heads above water in the face of the soaring costs of the necessities of life, have made some impression upon the private members in this house who support the government.

What does this mean? The tax does not mean just 10 per cent. We have been faced before with this question of what this tax really does mean in terms of what the consumer must pay. It is levied on the producer or manufacturer because that is where it is easiest for the government to collect it. That is the one reason why this tax is imposed at that stage of the process by which goods are fabricated and made available to the consumer. It is easy for the government to collect. It is easy to administer. It is easy to enforce. They are not dealing with so many people at that stage of production and marketing. For that reason the tax is imposed at the source; and there it is carefully hidden. But as you know, Mr. Speaker, every time a commodity passes from one hand to another the tax acts like a snowball. It attracts mark-ups at every stage. I am not going to inflict upon hon. members the example I have given previously, but you will find in a simple case where the commodity passes through only three hands, from producer to wholesaler, who adds his 10 per cent mark-up, from wholesaler to retailer, who adds his 50 per cent mark-up, and then directly into the hands of the consumer, that the tax previously amounted to not 8 per cent, but 14·4 per cent, when the consumer had to pay it. Now the tax is 10 per cent at the source, and in that simple illustration by the time it reaches the consumer it amounts to 18 per cent, which is a nice round figure. If this afternoon this house approves this budget resolution and it becomes law, this house is not increasing the tax on these necessities of life simply by 2 per cent. In even the simplest case it is increasing the tax by no less than 3·6 per cent. That is the simple situation. We are invited by this government, in the simplest case, the case that costs the consumer the least, to boost a tax on the consumer up to 18 per cent.

Anyone who is looking around seriously for reasons why the cost of living is high today cannot fail to stop in the first place at this sales tax. The Minister of Finance can talk until he is black in the face about this international phenomenon of inflation, but he cannot change the basic fact that this government is the big factor in creating inflation in this country today. Anyone in this house who is looking about seriously for a means of reducing the soaring cost of living to make it a little bit easier for people to meet their budgets will start right here. He will begin by refusing to support this iniquitous resolution, this tax that is doubly iniquitous because the proposal is to increase a tax that sixteen years ago Mr. Mackenzie King denounced up and down the country as iniquitous. What would he say today, sixteen years later?

In 1935, sir, the problem was not one of high prices. The principal problem in 1935 was one of low prices to the producer. It would have been relatively an easy matter then to say, if Mr. Mackenzie King had chosen to do so: Oh, well, this does not add very much to the cost of living; this does not take very much out of the pockets of the people, because prices are so low. What is the situation in 1951? If this tax was iniquitous in 1935, then this increase is an infamous proposal to put before the House of Commons and the people of Canada today a 25 per cent increase applying to so many things that are basic necessities of life.

It seems to me, sir, that this resolution is as clear a test as this house is likely to face, at this or any other session of parliament, as to just how serious each individual member is on this subject of concern for the lot of the Canadian family in meeting its budget in the light of the way the rising cost of living has torn that budget to shreds and tatters in hundreds of thousands of cases. Here is a simple test every member of this house will be called upon to face. I hope there will be full opportunity given and taken, when you call finally for a vote on this particular resolution in this committee or elsewhere, for members to indicate—every one on his own personal responsibility, regardless of whether or not he is a supporter of the government—whether he is really serious in expressing his concern for the problem faced by the average Canadian family with respect to the high cost of living today. I believe, sir, that to a degree rarely existing in this House of Commons, every member is on trial this afternoon, placed there by this first resolution.

[Mr. Fleming.]

Mr. Sinclair: I should like to answer the hon. member immediately on one point which he raised. The bulk of his speech is exactly the same as he delivered in the debate on the budget, perhaps with a little more volume.

Mr. Gibson: The needle scratches more.

Mr. Sinclair: Yes, as the hon. member for Comox-Alberni says, the needle scratches more. I only wish, however, that his historical facts could match either his eloquence or his volume. He made reference to the late Mr. Mackenzie King, and his views on the sales tax. I have here a record of the sales tax in Canada. I note, for example, that when the Liberal party went to the country in 1930 the sales tax was one per cent. When R. B. Bennett went to the country in 1935, after five of the most difficult years Canada has ever known, and in which the cost of living was a terrific problem because there were so many tens of thousands who had no income—unlike today, when they are enjoying the highest employment and highest income they ever had—Mr. R. B. Bennett, who was not only prime minister but minister of finance, had increased the sales tax not by twenty-five per cent but by a walloping five hundred per cent. When the Tories left office in 1935 the sales tax had risen to six per cent. Well might Mr. Mackenzie King in those days have said that such an increase was iniquitous.

Let us compare what has happened—

Mr. Fleming: He was not talking about the increase, but about the sales tax itself. He called it an iniquitous tax. Perhaps the hon. gentleman would indicate what the Liberal party has done in sixteen years in office about this iniquitous tax.

The Chairman: Order.

Mr. Sinclair: I sat quite patiently while my hon. little friend was working himself into his usual temper, waiting until he finished. I would point out that I do not regard the hon. member as an authority on what Mr. Mackenzie King thought in 1935. I would rather refer to one of the Liberal members. In any case, any prime minister who saw that one per cent sales tax, which was after all imposed in good times—1927, 1928 and 1929 were good years—

Mr. Fulton: The depression started in 1929, caused by the Liberal government.

Mr. Sinclair: The hon. member for Kamloops has neither his facts nor figures right. The depression did not hit Canada in 1929. We were a full year behind the Wall street crash.

Mr. Fleming: You were not born then.

The Chairman: Order.

Mr. Sinclair: The hon. member, as usual, is trying to bolster up his argument by these continual interruptions, although other hon. members sat patiently while he was making his speech. As I was saying, R. B. Bennett increased the sales tax from one per cent to six per cent, a five hundred per cent increase, at a time when there have never been so many Canadian families faced with a great problem in attempting to buy any commodity, and at the same time the basis of that sales tax was far broader than the one today.

As the hon. member points out—his arithmetic is correct here—we have been in power sixteen years. The sales tax has gone up from six per cent to eight per cent, and now to ten per cent. But many other things have happened since so far as government expenditures are concerned. Let me just detail some of them. I see the member for Victoria-Carleton smiling broadly. We brought in family allowances, and it cost $300 million. The Tories in those days opposed the measure. They still will not face the fact that revenue is necessary to make this great transfer payment.

Mr. Fraser: The Tories did not oppose family allowances. What are you talking about?

Mr. Brooks: Mr. Chairman, the hon. member knows that when that act came before parliament there was only one who opposed it.

Mr. Sinclair: The hon. member was here, just as I was here, and we remember the introduction of the bill. We remember that the Tories opposed the resolution, and that the member who is now the leader of that party, but was then premier of Ontario, said he was opposed to this iniquitous legislation which he would fight in every court of the land. We recall the attitude of the Conservatives when the resolution was introduced. When they saw the general feeling in the country towards the measure, they quickly climbed aboard the bandwagon, as they usually do, and said we were doing the right thing but in the wrong way.

Mr. Fulton: If that is the case, why does the hon. member continue to assert that this party opposed the measure? He has just proven that is a wrong assertion by the statement he has made.

Mr. Sinclair: At the resolution stage they opposed it.

The Chairman: Order. The parliamentary assistant has the floor.

Mr. Fulton: The hon. member has just said that at the resolution stage they opposed it. At first he said that they opposed family allowances, seeking thereby to indicate that they opposed the whole measure. By his own words he has proven himself wrong.

The Chairman: The hon. member may rise on a point of order or a question of privilege, but the parliamentary assistant has the floor.

Mr. Hodgson: Is the parliamentary assistant not out of order in bringing this subject up at this time?

Mr. Sinclair: I know how sensitive the Conservatives are on this matter. I have not yet had the member for Kamloops explain the change of heart that his present leader had.

Mr. Ferguson: On a point of order, Mr. Chairman, may I ask what right the parliamentary assistant has to wander all over the Dominion of Canada and discuss every subject in the world? Why does he not pin himself down to the subject in question? If he does not do so, it is the privilege of every other member of this committee to discuss matters in the same manner as he is discussing them. He is making a political speech on this question, and he knows it; and he has no more privileges than we have.

Mr. Sinclair: Anybody who has just listened to the hon. member for Eglinton knows what a political speech he was making. I am trying to show—and if the hon. member for Simcoe North will listen carefully, he will find this out—some reasons why the sales tax has been increased over the years, and that the increases by this party from six per cent to eight per cent and now to ten per cent have been for some good social security measures which have to be paid for. Today in Canada we have 5,200,000 people gainfully employed. Less than half of those people pay income tax—2,200,000 in all.

Mr. Knowles: Why?

Mr. Sinclair: My hon. friend asks why they pay income tax. If he had his way, of course, there would be no income tax.

Mr. Knowles: Just a minute. They pay no income tax because their wages are too low.

Mr. Sinclair: As to not paying income taxes when the wages are too low, may I say that one of the hon. members sent me notice of a question he was going to ask me on the income tax resolutions, namely, to put on the record the income tax exemptions in Britain, in the United States and in Canada, and to compare the actual tax paid by a family man earning $3,000—that is, at $1.44 an hour—with two children. When the

income tax resolutions are before us, I will put that information on the record.

The reason I mention the fact that less than half the wage earners of Canada pay income tax is to show that these social security measures which are enjoyed by all the people of Canada must be paid for in some measure by all the people of Canada. We have had this increase in sales tax which has gone in part to pay for these desirable social services which the Canadian people want, which they show, broadly, that they want, and which hon. members of the opposition are always anxious to criticize as being too niggardly. As the Minister of Finance said when he presented the budget, this is the day of reckoning. The hon. member for Eglinton waxed extremely wrathy about this twenty-five per cent increase in the sales tax. I would just remind him of the fact that when his party was in power and had to do things, not just talk about them, they increased the sales tax in those extremely difficult days by five hundred per cent.

Mr. Coldwell: I do not want to get into a political argument, particularly as between the official opposition and the parliamentary assistant to the Minister of Finance; but I want to say that this tax is wrong in principle and is a vicious one in that respect. When I say it is a vicious tax in that respect, I am only repeating what Mr. Mackenzie King said in 1934. It is true that when the Liberal party went out of power in 1930,—

Mr. Ferguson: It is too bad they did not stay out.

Mr. Coldwell: —in the Dunning budget of that year the sales tax was reduced to one per cent. It is perfectly true that during the next four or five years the sales tax was increased to six per cent. But since then it has been increased to eight per cent and now to ten per cent. It is a specious argument to say that in those days, because people had little income, the tax of four per cent or six per cent bore less heavily on them than it does when there is a higher income across the country. Let me point out this fact to the hon. gentleman. While it is true that in those days there were several million people in Canada who had no income and who were suffering acutely under the conditions that then existed, today there are many thousands of people, such as old age pensioners, those on veterans pensions, people on fixed incomes,—

Mr. Adamson: Canadian National Railway pensioners.

Mr. Coldwell: —and persons who have been retired by the railways, by the banks and by educational institutions, who contributed throughout the years to superannuation funds and who today to my certain knowledge are unable to make ends meet with the pensions upon which they are called upon to subsist or to exist, whichever way you care to put it. There are also, on the farms and in the cities, other thousands of people whose per capita income is so low that they are unable to live decently. As has already been said, these are taxes that are placed on certain basic necessities of life. It is all very well for the minister to say that it does not affect foods and some other things. But such things as clothing, boots and shoes, certain household necessities, equipment and so on are basic necessities of life. The tax is to be raised, not twenty per cent as one of the hon. members said the other night, basing it on what the tax will be in the future; but basing it accurately on what it is now, it is increased by twenty-five per cent.

This tax is an iniquitous one. You have only to go back to the time referred to by my hon. friend and read some of the criticisms that were made in the house at that time by Colonel Ralston—who at that time was the financial critic of the Liberal party—and by other members of the party, both in the house and outside of it, in order to realize how times have changed and how the tune of the members of the Liberal party has changed both here and in the country, in regard to the principle of the sales tax.

During the budget debate I made a proposal which I should like to get considered. In that debate I said that we know the government are going to impose this tax. We know that they are going to impose it. The majority in the House of Commons is such that we know perfectly well that nothing we can do can stop anything this government wants to do.

Mr. Hatfield: Too much power.

Mr. Coldwell: Such is the government's overwhelming majority, even if a few hon. members had the courage to vote against the government.

An hon. Member: Which they have not.

Mr. Coldwell: The government has such an overwhelming majority that it could not be defeated. I believe, however, that a vote on this particular paragraph should be called and that we should have an opportunity of voting on it. I do not believe, as has been claimed on occasions in the past, that the resolution must be voted on in its entirety. I say that we should have an opportunity to vote on this resolution clause by clause, and that on this clause in particular all hon. members should have an opportunity of voting. The hon. member for Eglinton is

perfectly right. It is not only a matter of what the tax is and what this increase in tax means in tax, but it is a matter of what it is when it is pyramided after the several profits have been added on to the original cost plus the tax. As reported at page 2054 of *Hansard*, I said:

> We object, and always have objected, to this tax on principle, but since it is going to be imposed anyway we urge the house to provide that the ultimate consumer shall pay only the tax on the first or manufacturer's price.

Or on the producer's price or first cost. If we did that, the government would be getting all the tax that the people are paying. They get the ten per cent tax anyhow. But in the meantime other persons, who handle these goods, and put a mark-up on those goods, are putting a mark-up on the taxes so that the tax pyramids. I took a conservative estimate the other day. I said it would go up to thirteen per cent or more. I took mark-ups that were low. I am quite sure that the hon. member for Eglinton, when he talks about eighteen per cent as he did this afternoon, is much nearer the mark than I was in the budget debate. Therefore I think that we should make the strongest possible protest against the imposition of this sales tax on necessities of life. If the government wants to put a sales tax on luxuries it could put it on other things. We mentioned alcoholic liquors the other day; but there are lots of other things besides alcoholic liquors upon which luxury taxes, and high luxury taxes, could be imposed. We could put further taxes on things like jewelry; we could put further taxes on such things as expensive silverware, and high-priced clothing—all that kind of thing—

An hon. Member: Can you get anything cheap?

Mr. Coldwell: —and exempt the lower priced clothing. Indeed, as we suggested in the debate, the government might designate certain articles as utility commodities, and relieve them of this kind of tax, as was done in some other countries during the war and in the immediate post-war years.

I look back over the last twenty years or so and remember the discussions on the principle of the sales tax. I remember the speeches in the house and I remember them in the country; and I think if we could dig up this afternoon—as it would have been easy to do, had we had the time—the advertising put out by the Liberal party in 1935, or again in 1930, when it took such tremendous credit for reducing the sales tax to one per cent, and told the country it was a step toward wiping the sales tax out altogether, and in 1935 when it denounced the increased tax—

Mr. Hetland: What about the C.C.F. government in Saskatchewan?

Mr. Coldwell: I am glad my hon. friend mentioned that. The sales tax in Saskatchewan of two per cent—

Mr. Hetland: Three per cent.

Mr. Coldwell: Wait a minute—two per cent—was put on by a Liberal government.

Mr. Hetland: During the war.

Mr. Coldwell: I beg your pardon.

Mr. Hetland: During the depression.

Mr. Coldwell: Before the war. And let me say to my hon. friend that it touched a large number of necessities that have since been relieved of that sales tax. It is true that today, because of the invasion of provincial revenues by this federal government—

An hon. Member: Where?

Mr. Coldwell: All right, all right, now—

Mr. Gibson: You raised it 50 per cent.

Mr. Hetland: And now you want indirect taxation.

Mr. Coldwell: Well, the noisy interruptions show when something hurts.

Mr. Sinclair: It sure does.

Mr. Coldwell: You hear squeals only when something hurts.

Mr. Martin: Why squeal, if it doesn't hurt?

Mr. Coldwell: Well now, it is true that in Saskatchewan the tax was put on by a Liberal government. I do not mind saying—

Mr. Ferrie: May I ask a question?

Mr. Coldwell: Just a moment. You can ask it when I have finished. I do not mind saying this, that I do not like the sales tax, whether it is put on by a federal government or a provincial government.

Mr. Ferrie: You are saying that because you have it.

Mr. Coldwell: And I am not defending any government for putting on a sales tax. The criticism I make is made of the principle of the sales tax generally, by whatsoever government it is put on. And let me point this out to hon. members, when they point to the tax in Saskatchewan, that it was a Liberal government that put it on.

Mr. Ferrie: You promised to take it off.

Mr. Coldwell: And the C.C.F. took it off on a wide range of necessary articles.

Mr. Brooks: What about New Brunswick?

Mr. Coldwell: Liberal governments in this country, or governments in which Liberals have predominated in coalitions, have put on sales taxes, or are putting on sales taxes of three per cent, or are seeking a new right to put them on. So let us have no more of this nonsense. Let us discuss the matter from the point of view of principle.

Whether the tax is put on by a Conservative government, a Liberal government, a C.C.F. government, or any other government, the principle is wrong. I never have changed my mind on that; I have never changed my opinion; I have never changed what I have said publicly in that respect—and I do not intend to change what I have said in that respect, wherever I happen to be speaking.

So I hope there will be an opportunity to vote on this paragraph; and I hope that hon. members who feel as I do and who are anxious to help the people who sent us here, and to consider their welfare and their needs, will not lend themselves to the imposition of this tax, which is going to affect so adversely so many thousands of people in this country.

I am quite sure of this, that I am not alone in this respect. Seldom does a day go by but what I get on my desk a letter from an old age pensioner, a letter from a veteran, a letter from a widow or a letter from some other person who tells me of the hardships they and their families are suffering today from high prices throughout the country.

I am proud to say our record is clear in this respect. From the beginning we have opposed this inflation; and I am not going to lend my vote to placing a further burden on the people who are least able to afford it. Let us try to vote this proposal down now.

Mr. Drew: Mr. Chairman, to bring this matter to a head—and I do not think there is much difference of opinion on this side of the house as to procedure—as a procedural motion I move:

That the committee deal with this resolution paragraph by paragraph.

Mr. Sinclair: This matter was dealt with two or three years ago, on the question of procedure. We have here one resolution to amend the Excise Tax Act. Hon. members can vote for it or against it, but for convenience the resolution is moved in this form. The Minister of Finance made a speech on this point some two years ago in which he stated that this is one resolution, to be adopted as one resolution.

Mr. Knowles: Mr. Chairman, I should like to speak on the point of order raised by the parliamentary assistant, who takes the view that the motion before us is one motion, to be taken in its entirety. In other words, he has in mind the entire section headed, "Excise Tax Act", which appears in *Hansard* at the bottom of page 1815 and continues on into page 1816; and he says that this must be voted on at once.

I would point out that I cannot agree with that position, namely that it has to be taken as one resolution, because there is a citation that spells out clearly the right of the committee to take separately the separate parts of a resolution which includes more than one proposition. Citation 379 in Beauchesne, second edition, states:

A motion which contains two or more distinct propositions may be divided so that the sense of the house may be taken on each separately.

Those words in Beauchesne are taken directly from page 298 of the fourth edition of Bourinot. I shall not reread the words, because they are taken verbatim from the earlier author. Surely the committee realizes that when this matter was discussed two or three years ago the decision of the house was made after the vote had been taken, and after the government had been beaten.

The decision made by Mr. Golding, who was in the chair at that time, was that we had the right to vote on the paragraphs individually. It was only because the government appealed that ruling by Mr. Golding, and then pulled in its majority to vote down the ruling, that the contrary decision was made by the house. I submit the decision brought about by the vote was a wrong one, and that Mr. Golding, with the long experience he had had in the chair, was perfectly right in the decision he made. We should stand by the citations given us by the authorities I have named and by the decision made by the then chairman, now Senator Golding, on that occasion, rather than by a vote of the house which was actuated by motives which were clear to all.

Mr. Diefenbaker: I join with my hon. friend in supporting the propriety of these sections being voted upon separately. The citation to which he refers reads:

A motion which contains two or more distinct propositions may be divided so that the sense of the house may be taken on each separately.

If that were not so then the house would simply be in the position of an automaton carrying out everything the government wanted done, whether certain things contained in a resolution were acceptable or not. Surely parliament is not to be emasculated in that way. The section of the resolution in question reads:

1. That the rate of the general sales tax be increased from eight to ten per cent and that the

rate of sales tax on those articles at present subject to four per cent be increased to five per cent.

Then the next section provides for an increase of the excise tax on goods mentioned in schedule I of the act, the increase being from 15 per cent to 25 per cent. The next section provides that the excise tax on candy and so on be reduced from 30 to 15 per cent.

If the proposition were accepted that the house could not vote on these items individually, no matter how many in the house were opposed to No. 1, the purpose for which parliament exists and this committee is constituted would be entirely denied. After all, rules are made in order to expedite the fullest possible discussion consistent with the exigencies of parliamentary debate. The citation has never been changed. The need for such a citation and the propriety of the course being followed of each item being voted on individually is clear from a mere consideration of what the result would be if such were not the fact.

Parliament would be placed in this position. The government could place in its motion five or six items that were acceptable and one item that no hon. member in the house would accept, and yet the committee would be denied the opportunity of saying whether each particular section was proper and whether any particular section was not proper. In other words, if the contention of the parliamentary assistant be correct, we are in the position of simply having to take everything that the government hands out without the opportunity of voting on those things that we believe are not proper. I submit that ordinary reason and ordinary common sense supports the citation to which reference has been made.

Mr. Low: Mr. Chairman, I want to support a contention put forward by the two hon. gentlemen who have spoken on the point of order, and I am not going to take any great length of time in doing so. The hon. member for Winnipeg North Centre and the hon. member for Lake Centre have put forward good reasons why the committee should be allowed to vote on section 1 of the resolution separately from the rest. I support the leader of the opposition in his motion and suggest that if the government does not allow the committee to vote on section 1 it is because it is afraid to have such a vote taken. In fact I am going to go so far as to accuse the government of attempting to evade the issue and making it impossible for individual members of the Liberal party to vote according to their convictions.

These members will be able to go home after this session and say, "I could not vote for the amendment that was moved by the opposition because it would have meant a vote against the other taxes that were included in the resolution, but if we had been allowed to vote on just the sales tax, I would have supported the amendment." That is what every single one of them will say. I am accusing the government that if they do not allow this to be voted on as a separate item they do so because they are afraid to allow the members of this committee to vote as their conscience directs them.

The Chairman: I think I have heard enough to permit me to give my ruling. After hearing the reasons given by different members I must say that I agree with the motion moved by the leader of the opposition that each item should be voted on separately.

Mr. Martin: There is now no motion that we should deal with this item by item; there was no motion before the chair.

The Chairman: The committee is master of its own rules.

Motion (Mr. Drew) negatived: Yeas, 40; nays, 63.

Mr. Knowles: Mr. Chairman, on a point of order.

Some hon. Members: Oh, oh.

Mr. Knowles: I do not know what all the laughter is about unless it is from some of the Liberal members who were here before the last election and remember the occasion when the Minister of Finance rose to a point of order after having been beaten on a vote. My point is that the citation dealing with the matter before the committee makes it clear that a motion which is a complicated question can be divided into its several parts on motion of the house, but—

Mr. Martin: Is the hon. member referring to citation 379?

Mr. Knowles: I am going back of citation 379 to where Dr. Beauchesne got his authority, to page 298 of Bourinot, fourth edition, where it states:

> A motion which contains two or more distinct propositions may be divided so that the sense of the house may be taken on each separately.

I am asking you, sir, to read the whole of page 298 and to note the fact that so far as complicated questions are concerned, the matter can be put to a vote, but so far as a motion containing distinct propositions is concerned, there is no reference to putting it to a vote of the house. The motion before us now is not a complicated question; it is a question with several distinct propositions. You only have to look at it to realize that.

The first proposition has to do with increasing the general sales tax. The second proposition has to do with the tax on furs. The third one has to do with the excise tax on candy, the next one with stoves, washing machines and refrigerators, and so on. There are several distinct propositions. I submit that, as it is not a complicated question but a motion with several distinct propositions, the vote just taken does not apply and I as one member of the house have the right to ask that it be considered proposition by proposition, and I so request.

Mr. Martin: I was going to raise a point of order while my hon. friend was speaking but I thought I had better not interrupt him in case he might raise something that was altogether new. What my hon. friend is arguing now is something he should have argued before the motion of the leader of the opposition was put. The committee has just decided that we shall not vote upon this matter item by item. That is a decision of the committee.

Mr. Knowles: Mr. Chairman, I submit, even as the Minister of Finance submitted several years ago, that taking that vote was out of order. I remind you, sir, that the circumstances are distinctly similar, and I hope we get the same treatment as the Minister of Finance got on that occasion. On that occasion there were several propositions before us in what was called one motion. The proposition to which we objected, as I recall it, was an increase of 25 per cent, I believe, in the tax on electrical appliances. There were also some reductions in the same motion to change the excise tax. I think they had to do with bills for electricity. At any rate the situation was on all fours. With some portions of the proposal we agreed and to some portions we objected. We called a vote on that occasion on clause 1, I believe, of the proposition. This was before the last election when we had a much better parliament, so far as the people of Canada were concerned, in that it was more evenly divided

When the vote was taken there were more members present on the opposition side than on the government side, and the opposition won. As a matter of fact one or two members on the Liberal side of the house stood up and voted with us in opposition to that tax. The motion was defeated. Mr. Golding, who was in the chair, showed a great deal of courage throughout the whole proceedings on that day, and declared the motion lost. Then the Minister of Finance began to get a bit agitated as to what was to happen. The late Ian Mackenzie came down and whispered a few things in his ear.

Mr. Abbott: No, I handled it all myself.

[Mr. Knowles.]

Mr. Knowles: The Minister of Finance cannot deny that the late Ian Mackenzie whispered something in his ear. I do not know what it was.

Mr. Abbott: That was a case where I went entirely on my own. I must correct my hon. friend.

Mr. Knowles: All right. Out of respect to the late Ian Mackenzie it might be better to put the full blame on the Minister of Finance.

Mr. Abbott: He probably would have been able to think of a better one.

Mr. Knowles: I am sure he would have. I am sure if he had had his full way in the matter he would have suggested that the committee rise and report progress. He would have dealt with the matter in some other way, but the Minister of Finance got up and challenged the right of the committee to take a vote on the question, and that was after the vote had been taken. We had a long debate similar to the one we are having now. Chairman Golding, now in the other place, stood his ground, and said that the vote was perfectly proper, and that we had the right to vote on these items one at a time at the request of any member. He agreed with the citations we read and, as I said, he stood his ground. Whereupon the Minister of Finance appealed the ruling, the Speaker was called in, the bells rang, and of course we lost the vote. All of us will remember the tremendous ovation that was given to chairman Golding when he came back to the chair for having stood his ground. Just as the Minister of Finance thought on that occasion after the vote had been taken that he had been wronged, I submit that we have been wronged. What is before us now is not a complicated question, which is governed by the second paragraph on page 298 of Bourinot, fourth edition, but rather the type of motion that is governed by the third paragraph on that page.

The Chairman: Order. I think the point of order should have been taken before the vote.

Mr. Knowles: Mr. Chairman, I ask for fairness. The Minister of Finance did not raise his point of order before the vote was taken when the question was before the house two or three years ago.

Mr. Abbott: Let us get this straight, Mr. Chairman. My hon. friend's recollection is substantially accurate in reciting the circumstances under which I raised the point of order on the occasion referred to. There was one resolution which included a number of proposals with respect to taxation changes. For purposes of convenience, they were being taken one by one. Whether or not a good

many of the members on this side of the house were at the ball game on that day, I recall that a vote was put on one of the items. I then realized that a grave impropriety had occurred. I raised the point of order that there was only one resolution which could be voted on, and that was the resolution which included all these items. The chairman, our good friend Bill Golding, ruled against me. I appealed his ruling and the members were called in. Although, as the hon. member for Winnipeg North Centre has indicated, we did not have the majority we have today, the house upheld my point of order. That is fair enough. It was established at that time that, where there is one resolution as there is here, it must all be voted on together. Incidentally there is ample opportunity to vote against particular proposals when the sections of the bill are before the house, but in this case it is on all fours with what happened before. I was proved right before and the chairman wrong. The house upheld it, and that is the rule that is being suggested now.

Mr. MacInnis: I should like to say a word on this matter. Before doing so I should like to admonish the government not to override members of the house just because it has a large majority. We have all been sent here to deal with matters that affect the people of Canada. The Minister of Finance says there is one resolution before us and that it must be voted on as one resolution. Mind you, that is with the chairman of committees in the chair and the house in committee of ways and means. The Minister of Finance would be equally justified in making the same statement when the bill comes before the house. With the chairman of committees in the chair the minister could say: Here is the bill. You must vote on it as one bill or not at all.

Mr. Abbott: Oh no; it is considered section by section.

Mr. MacInnis: Here we have section after section. Let me read them to you. I know that the minister dealt with each one separately in his budget speech. He did not lump them together. There is no relation between them. The first one is to increase the rate of the general sales tax from 8 to 10 per cent. The next one has to do with the excise tax on furs, and other goods mentioned in schedule 1, and is to increase the tax from 15 to 25 per cent. These are different things altogether. Suppose there was included an increase in the excise tax on liquor such as many members of the house would like to have. Almost every member of the house would be in favour of such a tax, and yet in order to support it hon. members would also have to support the increase in the general sales tax. The thing does not make sense. I again plead with the Minister of Finance not to force members into having to take such action. Certainly I will not take it without an appeal to the Speaker.

Mr. Abbott: I want to correct my hon. friend on one point with respect to the resolution and the bill. As he knows, when a bill is before the house in committee of the whole it is perfectly open to him to move an amendment to any section of the bill. The section of the bill which provides for the particular tax that I think is being discussed here, the sales tax, is and always has been open to amendment when the bill is under consideration. In my submission that does not apply to the general resolution covering the entirety of the government's financial proposals.

Mr. Diefenbaker: Do you say it is open to amendment?

Mr. Abbott: If a private member can move an amendment to— he cannot move an amendment to increase a tax.

Mr. Diefenbaker: He cannot. You said he could.

Mr. Abbott: I understand the desire is not to increase the sales tax but to make some other change in it.

Mr. Diefenbaker: As a matter of fact, Mr. Chairman, if the minister is right in saying that in committee we can move to amend any of these sections, then all objection certainly would be removed. I am glad the minister says that, because that is exactly what we are trying to get. The minister has now spoken officially for the government. If he is prepared now to allow us to move to reduce the amount of this sales tax when the bill comes before the house—not add to it, as he said—I will join with him and say parliament certainly won a victory today.

Mr. Abbott: My hon. friend is too old a hand for that. The minister does not make the rules of this house.

Mr. Diefenbaker: That is what he is trying to do now.

Mr. Abbott: The minister was saying that any amendment to any section, which is in order, can be moved when we are in committee on the bill. My recollection of the rule is that any hon. member who moves to reduce a tax contained in the bill must propose an alternative tax which would produce an equal revenue. That is my recollection; I am speaking without having checked it up. Any amendment which is in

order under the rules of the house can be moved when we are in committee of the whole on the bill; but I understand we have had a vote on this.

Mr. Martin: I rise to a point of order. If the motion made by the leader of the opposition is to be taken seriously this discussion is certainly out of order. The hon. gentleman moved the very question now under debate, a question of substance, as to whether or not we would vote on this matter item by item. The chairman put that motion, and the committee voted against the proposal. Surely that should end this discussion, and I submit this with great respect.

Mr. Knowles: On that point of order may I remind you, sir, that before you put the motion of the leader of the opposition you said, after having listened to the arguments some of us had advanced, that you agreed we had the right to consider these paragraphs one by one.

The Chairman: I said I agreed you had the right to move the motion.

Mr. Knowles: I cannot argue with you, but I am afraid that is not my recollection. I for one felt at that moment that a terrible procedural wrong that was done two or three years ago had been righted. I draw your attention in this respect to page 298 of Bourinot, fourth edition, where it is said that complicated questions are subject to a vote of the house if one wishes to divide them. But this is something different. I underline the point that a motion containing two or more distinct propositions may be divided so the sense of the house may be taken on each proposition separately. With regard to that sentence there are no qualifying words which say it is subject to a vote of the house. On the basis of that I ask your ruling on my request that we deal with paragraph No. 1 of the excise tax resolution by itself.

The Chairman: The hon. member has made a statement I think I should correct. I agreed that the motion should be put to the committee, and I did so. The committee is master of its own rules, not the chairman. The committee has given its decision, and the chairman has nothing further to say.

Mr. Fulton: On a question of privilege affecting the rights and privileges of all members of the house, I wish to raise a related matter in connection with the vote which has just taken place in committee. I refrained from raising this question until this moment because I did not wish to interrupt the argument on the point of order; but I observed, Mr. Chairman, as I am sure you and most other members of the committee observed, that after you had put the question to the committee and had asked for the yeas and nays, two members of the government entered the chamber from behind the curtains.

I raise this as a question of privilege since it is a practice to which I think attention should be called and on which a ruling should be obtained. I know perfectly well there was a majority of more than two for the government, so their presence or absence did not affect the outcome; but I feel that it would be an extremely dangerous precedent to have established if ministers or private members should be permitted to wander into the house or committee at any time during the course of a vote, and have their vote recorded. I refer you to citation 67 at page 25 of Beauchesne, second edition, which reads:

> If a member was not present in the house when the question was put by the Speaker, he cannot have his vote recorded.

Then section (1) of standing order 58 reads:

> The standing orders of the house shall be observed in the committees of the whole house so far as may be applicable, except the standing orders as to the seconding of motions and limiting the number of times of speaking.

The procedure being as set out in the rules, I submit that the votes of the Minister of Finance and the Minister of National Revenue should not have been counted.

The Chairman: I agree that no hon. member should vote unless he has heard the question put.

Mr. Knowles: I am still asking for a ruling. I am asking for a vote on paragraph 1 of the excise tax resolution.

The Chairman: As I said, I have no ruling to give, since the committee itself has made its decision.

Mr. Knowles: Then I appeal that ruling to the house.

Mr. Diefenbaker: I just want to be clear on what I understood the minister to say a while ago, that when these resolutions are incorporated in bills—

Mr. Abbott: The bills are based on the resolutions.

Mr. Diefenbaker: That is exactly the point I am making; and when paragraph 1, for instance, comes before the house providing that the rate of the general sales tax shall be increased from 8 per cent to 10 per cent, the minister said it would be possible for any member of the house to move an amendment reducing the amount of that sales tax, provided he suggested a substitute tax. That was what the minister said. If that be correct it would enable any hon. member to move that the amount which would be lost by reducing the sales tax to its former

level might be obtained by a tax on liquor. If that is what the minister said, then I know how my vote will be cast when this matter comes up.

Mr. Abbott: My hon. friend has hearing as good as mine. I said I did not make the rules of the house, but my recollection was that if a member moved to reduce a tax he must at the same time propose some alternative. I do not know whether that is right or wrong, but whatever is the correct rule will govern. My saying it does not make it so. I may be a minister of the crown, but in that respect I have no greater authority than any other member of the house.

Mr. Diefenbaker: Is that the minister's understanding?

Mr. Abbott: That has always been my understanding of the rule, but the rule will govern. I do not make the rules.

Mr. Macdonnell (Greenwood): If we still have a moment I should like to make one remark. It really has nothing to do with the rules, but I just want to raise the question whether what is happening today has anything to do with fairness and common sense. It is perfectly clear, as far as I can see, that there can be no earthly reason for not wanting to vote these seriatim other than that the government does not wish to give us the chance.

The Chairman: Order. I am sorry to interrupt the hon. member but that question has been decided by the committee. A ruling has been asked, and I have given my ruling.

Mr. Speaker resumed the chair and the chairman of the committee made the following report:

A vote having been taken to the effect that the excise tax resolution should not be considered item by item, I ruled that it was not open to a member to ask that it be so considered.

Mr. Speaker put the question as follows:

The question before the house is an appeal from a ruling given by the chairman of the committee of ways and means. He reported that a vote having been taken to the effect that the excise tax resolution should not be considered item by item, it was not open to a member to ask that it be so considered.

Those in favour of confirming the chairman's ruling? I believe the house understands that it is not for me to make a ruling.

Mr. Fleming: On a point of order: With respect, sir, what you have just read, it seems to me, is the reverse of what the ruling was.

Mr. Fulton: With respect, a question of privilege was also raised in committee to the effect that the vote was invalid because of objections that were taken—

Mr. Speaker: Order, I cannot consider that. That question must be decided by the committee.

Mr. Fulton: Mr. Speaker, with respect, the chairman of the committee at the time said that the point of privilege was correctly raised.

Mr. Martin: No, he did not.

Mr. Fulton: Yes, he did.

Mr. Speaker: Order. It is not within my power to review what took place in the committee. I understand that there has been an appeal from the chairman's ruling.

Mr. Fleming: May I ask, Mr. Speaker, that you read the ruling again?

Mr. Speaker: I shall be very glad to do so. In my opening remarks, I said that it is not within my province to decide this question. An appeal from the chairman's ruling is not to the Speaker, it is to the house. I do not know whether members understood that when they appealed the ruling.

Mr. Knowles: On a point of privilege, I recognize that the matter is not debatable at this stage, and I shall not transgress that ruling, but I think as the one who appealed the ruling it may be in order for me to say that I am not satisfied with that report. However, I am satisfied with what *Hansard* will record to be the discussion leading up to the appeal that I made.

Mr. Drew: I think that what would be helpful at this stage would be to know exactly what it is we are voting upon. I must add to that, Mr. Speaker, that I am really unaware of what it is we are now voting upon.

Mr. Knowles: Without introducing any argument may I say, as the one who made the appeal, that in my view what we are voting on is a member's right, on the basis of a citation which I read from Bourinot, fourth edition, to the effect that a motion which contains two or more paragraphs can be divided—

Some hon. Members: No, no.

Mr. Knowles: Yes, that all the various paragraphs of a motion—

Mr. Martin: May I seek to help the chair. I think what happened was this. The leader of the opposition (Mr. Drew) made a motion that we consider the matter before the house item by item. That motion was defeated, whereupon the hon. gentleman—

Mr. Knowles: It was out of order.

Mr. Martin: —whereupon the member for Winnipeg North Centre (Mr. Knowles) got up and argued the merits of the question.

Mr. Knowles: Claiming my right on the basis of the citation.

Mr. Martin: He argued the merits of the question. After he had finished his argument, I rose and said that I did not want to interrupt my hon. friend, but he was clearly out of order because the house had already decided the very question he was seeking to urge the house to adopt. Then the member for Lake Centre (Mr. Diefenbaker) spoke, as well as several others. I rose again and said that surely the motion had been proposed by the leader of the opposition and had been dealt with. If that motion was to be taken seriously the whole subsequent discussion was out of order. The chairman then said, "Yes, that is my position." The member for Winnipeg North Centre said, "I appeal your ruling."

Mr. Fleming: A very unfair presentation, and inaccurate.

Mr. Speaker: Order. The chairman of the committee of ways and means has reported that a vote having been taken on the motion that the excise tax resolution should be considered item by item, and the vote on the said resolution having been in the negative, the chairman ruled that it was not open to a member to ask that the resolution be considered item by item.

Mr. Knowles: I appealed against the propriety of that vote.

Mr. Speaker: Those in favour of confirming the chairman's ruling will say yea.

Some hon. Members: Yea.

Mr. Speaker: Those opposed will say nay.

Some hon. Members: Nay.

Mr. Speaker: In my opinion the yeas have it, and I declare the ruling of the chair confirmed.

And more than five members having risen:

Mr. Speaker: Call in the members.

The house divided on the question: Shall the ruling of the chairman be confirmed? And the ruling was confirmed on the following division:

YEAS

Messrs:

Abbott
Anderson
Applewhaite
Ashbourne
Balcom
Bater
Beaudoin
Benidickson
Bertrand
Black (Chateauguay-Huntingdon-Laprairie)
Blanchette
Blue
Boisvert
Boivin
Boucher
Bourget
Bradley
Breithaupt
Brisson
Brown (Essex West)
Bruneau
Cannon
Carroll
Carter
Cauchon
Chevrier
Cloutier
Corry
Cote (Verdun-La Salle)
Cournoyer
Darroch
Dechene
Decore
Demers
Dewar
Dickey
Dube
Dumas
Eudes
Ferrie
Follwell
Fournier (Hull)
Fournier (Maisonneuve-Rosemont)
Fulford
Garland
Gauthier (Lake St. John)
Gauthier (Lapointe)
George
Gibson
Gingras
Gosselin
Gour (Russell)
Gregg
Harris (Grey-Bruce)
Healy
Hellyer
Helme
Hetland
Hosking
Howe
Huffman
Hunter
Jeffery
Jutras
Kent
Kirk (Digby-Yarmouth)
Lafontaine
Laing
Langlois (Berthier-Maskinonge)
Langlois (Gaspe)
Lapointe
Larson
Lefrancois
Leger
Lesage
Little
Macdonald (Edmonton East)
MacDougall
MacKenzie
MacLean (Cape Breton North and Victoria)
McCann
McCulloch
McDonald (Parry Sound-Muskoka)
McIvor
McLean (Huron-Perth)
McWilliam
Major
Maltais
Martin
Monette
Mott
Murray (Oxford)
Mutch
Proudfoot
Prudham
Richard (Gloucester)
Richard (Ottawa East)
Riley
Rinfret
Roberge
Robertson
Robinson
Rousseau
St. Laurent
Simmons
Sinclair
Sinnott
Smith (Moose Mountain)
Smith (York North)
Stewart (Yorkton)
Stick
Studer
Tremblay
Valois
Viau
Ward
Warren
Weir
Welbourn
Whiteside
Winkler
Wood—122.

NAYS

Messrs:

Adamson
Argue
Aylesworth
Beyerstein
Blackmore
Blair
Brooks
Browne (St. John's West)
Bryce
Cardiff
Casselman
Catherwood
Charlton
Coldwell
Courtemanche
Coyle
Diefenbaker
Drew
Fair
Fairclough, Mrs.
Ferguson
Fleming
Fraser
Fulton
Gillis
Goode
Graydon
Green
Harkness
Hatfield
Herridge
Hodgson
Jones
Knight
Knowles
Lennard
Low
Macdonnell (Greenwood)
MacInnis
McGregor
Murphy
Noseworthy

Nowlan	Stanfield
Pearkes	Thatcher
Poulin	Tustin
Quelch	Wright
Shaw	Wylie—52.

Mr. Johnston: I was paired with the hon. member for Halton (Mr. Cleaver). Had I voted I would have voted against confirming the chairman's ruling.

Mr. White (Middlesex East): I was paired with the hon. member for Middlesex West (Mr. McCubbin). Had I voted I would have voted against confirming the chairman's ruling.

And the house having resumed in committee:

Mr. Knowles: Mr. Chairman—

Mr. Browne (St. John's West): Mr. Chairman—

The Chairman: The house again in committee of ways and means.

Mr. Knowles: With respect to the resolution now before the house—and I take it we have to accept the ruling that has been made, that it is one resolution—I wish to move an amendment. I move my amendement on the basis of citation 500 in Beauchesne, third edition, and also on the basis of a similar amendment moved on March 22, 1948, after a similar occurrence to that we have just been through. On that occasion the amendment was allowed. It was voted down, but nevertheless it was allowed; and I have worded my present amendment in precisely the same form.

I move:

That clause 1 of the proposed resolution be deleted and that the following be substituted therefor:

"That it is expedient to introduce a measure to impose an additional tax on spirituous liquors to the extent necessary to maintain the balance of ways and means."

The effect of that amendment is I am sure quite clear. By deleting paragraph 1 of the resolution before us we reduce the income that it was proposed by the Minister of Finance to raise, by increasing the sales tax. Therefore since it is necessary for me to propose a tax that will maintain the balance of ways and means, I propose that whatever that amount was should be raised by an additional tax on spirituous liquors.

Mr. Sinclair: In previous years similar motions have been moved. They have always been ruled out of order, when they were moved in such general terms. Every other tax resolution moved at this time is couched in specific terms as to what the rate of taxation will be. It is not specific enough for the committee to accept a blanket amendment such as that now offered, which states only the purpose of increasing the tax on liquor. I know, because of action taken in previous years, that it cannot be in order.

Mr. Knowles: On the point of order raised by the parliamentary assistant, I should like to read the citation and the previous amendment which I drew to your attention when I was on my feet before. Citation 500 of Beauchesne, third edition, reads:

Though it is the function of the committee of ways and means to impose rather than to repeal taxes, examples of the repeal of taxation effected in this committee are to be found upon the journals. Proposals for the variation or modification of taxation can therefore be made in the committee, but these proposals must be grafted upon the financial scheme submitted by the government, and must not affect the balance of ways and means voted for the service of the year. Amendments, therefore, can be proposed to substitute another tax, of equivalent amount, for that proposed by the government, as, for instance, a proposal to substitute probate and legacy duty on real property as an alternative for an inhabited house duty, the necessity of new taxation, to that extent, being already declared on behalf of the crown.

Again that citation which appears in Beauchesne, third edition, was taken by him from pages 543 and 544 of May, thirteenth edition. As I indicated before, the last time we had an incident like this was on March 22, 1948. I need not rehash now what we went through at the earlier stage of that event because we have done it all over again today. The discussion was then resumed in committee on what was then declared to be of necessity one complete resolution. An amendment was moved by the member for Winnipeg North Centre—I had forgotten I had moved it, but *Hansard* reminds me that I did—and on page 2490 of *Hansard* of March 22, 1948, I am reported as follows:

I therefore move, seconded by my deskmate, the hon. member for Mackenzie (Mr. Nicholson):

That clause 1 of the proposed resolution as amended and clauses 2, 3 and 4 be deleted therefrom, and that the following be substituted therefor:

"That it is expedient to introduce a measure to impose taxation upon excess profits to the extent necessary to maintain the balance of ways and means."

The motion I have submitted today is in precisely the same form, is in the very same language. Since that other one was allowed by Mr. Golding, who was then in the chair, I submit that it should be allowed on this occasion.

Mr. Sinclair: There is a much more recent decision than that. Only last year the hon. member's deskmate, the hon. member for Melfort, tried to move a similar motion which was ruled out of order. In fairness to all other hon. members they should know exactly what increases this will mean in the tax on liquor. Is it going to mean two per cent, 50 per cent or 100 per cent? Surely this committee is not going to vote on a blanket

proposal? If the hon. member had wanted to really move such a motion I think he should have made a little preparation and found out from the Department of National Revenue just exactly what percentage of increase in the liquor tax would be necessary to offset the loss of revenue through the removal of the sales tax.

Mr. Drew: Mr. Chairman, I think that what has just happened is of more than passing interest. The Minister of Finance is the particular minister to whom the parliamentary assistant is subordinate. A short time ago the Minister of Finance stated that his understanding was that a motion which called for the elimination of this sales tax and provided an alternative method of finding the money would be in order. The question is: Who is speaking for the Department of Finance? I think what we have seen now suggests a reason why the Minister of Finance should be conducting this procedure at this time.

Mr. MacInnis: I just want to direct attention to the fact that the parliamentary assistant has said that a certain thing happened in this house but he does not produce evidence to show that the motion or amendment moved at the last session by the hon. member for Melfort was similar to the one moved today. We have only his assertion that such is the case, but you have before you as a precedent the amendment proposed in 1948 by the hon. member for Winnipeg North Centre which was allowed by a chairman who in my opinion knew the rules of this house pretty well.

The Chairman: I would like to have had more time to examine this question, but in my opinion the amendment is in order and I shall put the question.

Amendment (Mr. Knowles) negatived: Yeas, 37; nays, 75.

Mr. Low: Mr. Chairman, now that the vote has been taken I should like to say a few words on section 1 of the resolution. I am unalterably opposed to the general sales tax, including the 25 per cent increase proposed in section 1 of the resolution, for five specific reasons. I am not going to repeat the arguments I put forward during the budget debate, but I do intend to outline again the five bases upon which I have taken my position.

I am opposed to the general sales tax and the increase proposed in section 1 of the resolution because this tax increases the cost of living burden upon the lower income groups of our Canadian people. That group of people are already overburdened by a heavy cost of living which is continually increasing.

In the second place, I am opposed to the tax because it pyramids prices and makes it necessary for consumers to pay more in increased prices than is collected by the government in the form of revenue. I have already presented evidence by authorities who have investigated our Canadian sales tax and who show that often the consumer has to pay as much as 40 per cent more in increased prices than the government receives by way of revenue. This is iniquitous taxation; it is what the hon. member for Eglinton refers to as infamous and I do not support it for one moment, as I have shown already by my vote.

The third reason why I am opposed to it is that the sales tax is inflationary. In times like these it aggravates a condition of inflation that is already very serious. On numerous occasions during the past several months the government has been asked by the people of Canada to take action to curb inflationary pressures. They had every reason to believe that the government would take such action during the present session. They looked to the budget as one place where relief perhaps could be given, but instead of any relief from inflationary pressures the government now proposes to impose a tax that is definitely inflationary, and there is no one who can prove that it is not.

The reason that I am opposed to the proposition of an increased sales tax is that the general sales tax is a hidden tax. I have always been opposed to hidden taxes because they take away from the taxpayers of the country any means by which they can gauge the effectiveness of the administration. There is only one way by which the ordinary taxpayer can judge whether a government is efficient and that is by the level of taxes. That is the barometer, and unless that level or barometer is plainly visible the people have no way whatever of knowing about the efficiency or inefficiency of the government. I am suggesting that one of the reasons why this government has attempted on several occasions to convert perfectly visible taxes into hidden taxes is that they want to hide inefficiency, and there is no one who can possibly present a case to disprove that statement. If so, I should like to have them try.

All information about the effect of the imposition of the sales tax has been hidden as well. The government has never attempted at any time to investigate the effect of the incidence of the sales tax upon the economy

to show whether or not there are adverse effects. We have called for it time after time in the name of the people. Ever since I came to this house in 1945 in nearly every session I have pleaded with the government to appoint some sort of commission to investigate the effect upon the Canadian economy of the incidence of the various taxes they are imposing so that we can see what these effects are, and if they are adverse take action to remove these taxes and to correct the situation. I am asking that the Department of Finance, which is the proper department to do the job, should immediately appoint a commission to make a thorough investigation of the whole hidden tax situation. Let the country know exactly what are the effects of the imposition of the sales tax and other excise taxes.

The fifth reason why I am unalterably opposed to the imposition of this tax is that in many ways it increases the cost of production. However the argument may be presented, the fact remains that certain articles of machinery and certain tools used in the process of production, the many automobiles that are used in the process of production, the trucks that enter into the process of production, the clothing worn by labourers in producing things, and I could go on and name a number of other things, are affected by this tax. Therefore the prices of these articles will be increased if this imposition is passed and made law. That will inevitably increase the cost of production and further add to the inflationary situation in this country.

These are the five important reasons why I feel that it is unwise and iniquitous for the government to propose an increase in the sales tax particularly at this time when the people of the country are crying out against the terrible cost of living, when hundreds of thousands of our people, with all their backlog of wartime savings melted away, are just beginning to feel the pinch. People with children going to school cannot possibly get the vitamins and the food required to maintain the health of their children simply because of these iniquitous hidden taxes. I have had some experience with sales taxes, and my experience was not a very happy one. I administered the sales tax in the province of Alberta when I became provincial treasurer there, and I might state for the information of hon. members that after some little experience with it I decided it should be abolished. I did abolish it in 1937, and I have been opposed to such taxes ever since because I know something about what they do to people and how difficult this type of impost is to administer.

I sat and listened to the crossfire that took place when my friend the hon. member for Rosetown-Biggar was speaking. Certain members to my right and across the floor accused the Saskatchewan government of imposing a sales tax. They spoke as if that was every reason why the Liberal government should be supported in increasing the sales tax. Let me point out that there is quite a difference between the two taxes. The so-called sales tax imposed in the province of Saskatchewan is not properly a general sales tax at all. It is an ultimate purchaser's tax which is imposed at the consumer level as a straight percentage of the retail price to the consumer. When the consumer purchases the item he knows exactly what the cost *ex* tax is and he knows what the cost with tax is. That is an ultimate purchaser's tax. I am surprised that was not mentioned in the crossfire that took place because it is certainly an entirely different situation.

I think it is somewhat of an act of salvation that the provinces have not the right to impose sales taxes at the manufacturer's level. I am very happy that they have not. Certainly the people of Canada ought to be able to know exactly what they are paying in the form of taxes. If a system can be worked out at any time by which people will know when they buy an article how much they are paying in actual cost and how much they are paying in actual tax, I think it ought to be done. Such a system should be introduced.

I have taken part in the proceedings this afternoon with my vote. I have done all I can in a constitutional way, and so have my colleagues, to eliminate this vicious thing in order to protect the Canadian people who have not asked for this tax and in fact have demanded that it be not imposed. As I say, we have taken every constitutional means within our power thus far, but I am suggesting that, in spite of the overriding attitude and power of a power-drunk government, there is a remedy, and the opposition can apply that remedy. I suggest that we can prevent the government from putting this thing through. All we have to do is to fight and be ready to stand up here and talk this thing out. If the sixty or more members of the opposition will get their fighting clothes on and each one of them make a forty minute speech or two against it, we can at least hold this thing up until the people of Canada have a chance to tell the government that they had better remove the iniquitous thing or get out and let someone else come in who will do a decent job for them.

If we have any intestinal fortitude on this side of the house that is exactly the sort of thing we will do. I suggest that is the remedy we have to apply against a party and a government that would override the wishes of the people as wantonly as this government does. I know my party are quite ready to do that very thing. As far as we are concerned it is the only remedy left to us. We are proposing to speak just as often as we possibly can, and if the opposition will band together I believe we can keep the government here until next Christmas and prevent this thing from being passed.

Mr. Lesage: I am not going to participate in any filibuster this afternoon, but since the committee has decided that the resolution should be voted upon as a whole I would like to make a few remarks about paragraph 4, which provides:

That there be imposed, levied and collected an excise tax of fifteen per cent on the following goods when adapted to household or apartment use:

(a) stoves, hot plates, grills and other appliances when adapted wholly or in part for cooking and when designed for using other than solid fuels.

The purpose of this paragraph, of course, is to tax electric and gas ranges and stoves. Wood and coal stoves would not be taxed, I suppose because they are considered as necessities and not as luxuries of any kind. But there are also on the market combination stoves and ranges, using coal or wood and gas, or coal or wood and electricity. There are also coal or wood ranges or stoves with burners for gas or electricity. There are also coal or wood ranges with two-burner gas or electric attachments built into the cooking top. I am afraid the words "wholly or in part" in paragraph 4 would mean that the entire combination coal or wood and electric or gas stove or range would be taxed, even though the coal or wood portion might be considered a necessity for heating homes.

I believe that only part of the value of these combination stoves or ranges should be taxed. I believe also that when we speak of electric or gas attachments, only the value of those attachments should be taxed, and the wood stove itself should not be taxed. There is a precedent for this. On December 2, 1940, during the war, amendments to the Special War Revenue Act were adopted putting a tax of 25 per cent on "the following: electrical or gas appliances adapted to household use; stoves, ranges and heaters". Subsequently there was an administrative ruling of the excise division of the Department of National Revenue which provided that for combination stoves or ranges such as I have just described the tax would apply to from 25 per cent in certain circumstances to 66⅔ per cent in other circumstances of the value of the whole stove or range, according to the importance of the electrical or gas part of the stove. It provided also that when it was an attachment the tax would be levied upon only 10 per cent of the total value of the stove and attachments. That was done, I am sure, to follow the principle that coal and wood stoves were a necessary part of the heating system rather than a luxury, and should not be considered a luxury. I wonder if the principle followed during the war in that instance will be respected under the new legislation, and I would like the parliamentary assistant to enlighten me on that point.

Mr. Sinclair: The hon. member was good enough to warn me that he was going to raise this matter. The wording of the resolution provides for exactly the same type of division of taxation in the case of combinations as was done in the war years. When the bill is brought down the hon. member will see that on a combination stove of this kind the tax will be paid on that part of the stove which is the electrical attachment, and so with other combinations.

Mr. Browne (St. John's West): I should like to raise a couple of questions with the parliamentary assistant. I do not think it is clear to the people of this country or to the members of this house whether these taxes are cumulative. We now have the sales tax raised from 8 per cent to 10 per cent. We also have the tax on certain articles increased from 15 per cent to 25 per cent. Would the parliamentary assistant be good enough to explain if that tax of 25 per cent is first imposed on the value of the article, and then the 10 per cent put on top of that. If that is so the amount of revenue raised will be much higher than would be the case by the two per cent increase we are talking about. As I understand it the goods that come under schedules I and II of the Excise Tax Act are liable to this tax of 25 per cent, and of course that includes a great range of articles. I do not know whether the parliamentary assistant tabled a list of those articles today; I missed what he said at the beginning of the session. Was a list put on *Hansard*?

Mr. Sinclair: I would be quite willing to put it on *Hansard*, as was done in the last two years. The question is whether we should duplicate in *Hansard* what will be in the bill.

Mr. Browne (St. John's West): I am not asking that it be done, but the list does include a great number of electrical articles, golf clubs, fishing rods, cameras, phonographs, and so on. If I am right in my assumption, an article which cost $100 and was subject

to a tax of 15 per cent would then cost $115. The 8 per cent on that would raise it another $9.20, bringing the total to $124.20. Of course that total would be greater now that the taxes are 25 per cent and 10 per cent. I see the parliamentary assistant shakes his head. Section 80 of the Excise Tax Act says that these excise taxes shall be levied. Then section 86 says that there shall be levied a sales tax, now to be 10 per cent. In the introductory section, section 85, this is the definition of sale price:

"sale price" for the purpose of calculating the amount of the consumption or sales tax shall mean the price before any amount payable in respect of the consumption or sales tax is added thereto . . .

Then we come to the duty paid value:

"duty paid value" shall mean the value of the article as it would be determined for the purpose of calculating an ad valorem duty upon the importation of such article . . .

So when an article comes in it pays the duty, then it pays the sales tax on top of the price plus the duty. I think that is right. In regard to an article manufactured in Canada that has the excise tax rather than the customs duty charged to it, is the 10 per cent charged on that?

I have one more question before I sit down; the parliamentary assistant might as well deal with both at the same time. In regard to tea, coffee, and cocoa, which I think are regarded as necessities just as other items of food, are these subject to customs duty and in addition to sales tax?

Mr. Sinclair: I shall answer the points in order. The sales tax and excise tax are applied on the same basis. The excise tax is not applied to the cost of the article plus the sales tax. There will be an amendment in the act which we are bringing down as a consequence of this resolution, in which it is clearly spelled out what the sale price will be. These taxes are not cumulative. So far as the duty on tea, coffee, and cocoa is concerned, if the hon. member will wait until the customs tariff resolution is before the committee I shall have the answer. The sales tax applies on tea, coffee and cocoa.

Mr. Browne (St. John's West): On the duty-paid value?

Mr. Sinclair: On the duty-paid value.

Mr. Quelch: I believe I shall discuss the whole resolution at once, and not merely a section or two at a time. The thing that puzzles me, and I think it is puzzling the people of Canada, is that ever since I have been in the house the Liberal party has bitterly denounced the policy of inflation as being a dishonest policy, as being a policy which steals the savings of the people without disclosing it. And now the government has adopted this policy. They have adopted this policy as a means of bringing in a greater amount of revenue. As a result of this policy there will be an increase in the price of many commodities, and to that extent the policy is inflationary. True, it will bring increased revenue to the government, and no doubt the government hopes, as a result of the increase in prices, that there will be a reduction in the demand for goods from current income. Even though there may be a reduction in the demand from current income, the minister knows very well that it may not necessarily mean a reduction in demand because, instead of that, people will save that much less. People will also use their savings of the past in order to finance current expenditures.

I noticed a press dispatch in the Ottawa *Journal* of April 24 which is headed "Inflationary trend seen in new taxes bank review says". It reads:

The current "Business Review" of the Bank of Montreal says that the new taxes provided in the federal budget will doubtless supply funds for soaring defence expenditures, but it finds in them possible inflationary influences.

It adds: "To point out these difficulties is not to suggest that practical alternatives were readily available."

The analysis says in part: "In theory it is possible to limit or reduce the level of consumption, in real terms, by budgetary measures operating on the incomes and spending propensities of individuals in the mass.

"But in practice the actual results may be greatly modified by public reaction and the bargaining power of organized groups. For example, the new surtax on incomes will, at midyear, have the initial effect of reducing the take-home pay of that proportion—probably less than half—of the working force now on the income tax roll.

"To some extent the increased tax is as likely to be met by a reduction in savings as by diminished consumption. Moreover, the likelihood of the restraining effect of the tax being in large part offset by subsequent additions to take-home pay is considerable.

"The new indirect taxes—i.e., the increased sales tax and the specific excise taxes—are, in an economic sense, designed as a penalty on spending. The imposts will emerge as increases in the prices of the articles affected, with the possibility of the increases in many instances being 'pyramided' by the mark-ups applied by intermediaries between manufacturer and consumer.

"Beyond the range of necessities it is, of course, the option of the consumer to refrain from purchasing the affected articles. But in any event the higher prices will in due course be incorporated into the cost of living index, which is not only the reference point to which basic wage rates are contractually tied in some industries, but which is also a significant symbol indicating, in the eyes of the public at large, the degree to which demands for higher pay are automatically justified . . .

"In the ultimate analysis the effectiveness of budgetary measures as a curb on consumer spending depends on the willingness of the public to permit its spending to be curbed rather than to seek compensatory pay increases."

As is pointed out there, as a result of the increase in the cost of living, the result will probably be a demand right across the country for an increase in wages, which will still further increase the inflationary pressure in this country. I would agree, perhaps, that in so far as a long-term policy is concerned, the budget resolutions may tend to reduce purchases by increasing the cost of living; but whatever the long-range policy may be the immediate effect is to increase prices by an amount at least equivalent to the amount of the sales tax or excise tax. The actual amount of the increase will be greater than the amount of the sales tax because it will be pyramided in mark-ups.

I wonder if the parliamentary assistant would admit that the result of this policy will be to tax the savings of the people in the lower income groups and in the moderate income groups? It will not be a tax on the savings of the people in the higher income brackets, because they will have enough current income to meet the current costs of the goods they buy. But there are many people in the lower income groups who cannot meet the cost of living from their income, and who will therefore have to use their savings. In reality this is in part a hidden tax on the savings of the people in the lower income group.

I see it is six o'clock, Mr. Chairman.

At six o'clock the committee took recess.

AFTER RECESS

The committee resumed at eight o'clock.

Mr. Quelch: Just before six o'clock, Mr. Chairman, I had been pointing out that for many years now the government has been warning of the dangers of inflation and stressing the fact that a policy of inflation is a policy of dishonesty, a policy under which in reality the savings of the people are filched away. I therefore deplore the fact that the government has now come to the conclusion that it is necessary for them to adopt that same dishonest policy which they have so severely condemned in the past. I quoted from the current review of the Bank of Montreal, which showed clearly and unmistakably that the result of this present budget policy was bound to be one of inflation, or at least that it had highly inflationary tendencies and would probably lead to an all-round increase of wages, which would mean a still further increase in prices.

I also pointed out that one of the most unfortunate results of this policy is that people in the low income groups are not able to meet the present high cost of living out of their current income and therefore, where they have any savings or any capital, they are drawing on those savings or on that capital in order to supplement their income for the purpose of meeting the high cost of living; and of course they are having to pay these taxes out of those savings. Hence this policy of the government actually is a concealed tax on the savings of the people in the lower income groups. It will not affect the savings of the people in the higher income groups to the same extent, because they will be able to live on current income; but the people in the low income groups who are fortunate enough to have savings will have to utilize them and then pay these taxes.

Many people across the country are wondering how it is that the government is still refusing to take any direct action to control prices. I have come to the conclusion that the government is not interested in reducing prices for the simple reason that they realize that the higher prices go, the higher will be their revenue at any given level of taxation; that is to say, they can get an increase in revenue without increasing taxation so long as they allow prices to rise. In that way they get more revenue and let the people blame industry for the increase in the cost of living instead of themselves accepting a large part of that responsibility.

I think it is generally understood that in normal times high taxation will cause demand for goods to fall off; and as you have demand falling off, unemployment increases and prices fall. That is the orthodox idea and that is, I think we will all agree, what happens in what you might call normal times. But these are not normal times. Already they have been referred to as times of emergency. We therefore realize today that any slackening in internal demand will be taken up by increased external demand and that therefore, instead of demand falling off and unemployment increasing, external demand will take the place of internal demand and keep demand high, and the inflationary pressure will continue even with the increased prices for goods.

How long can we expect this situation to continue? The government appears to look upon it as a temporary situation, or perhaps I should say they hope that it is a temporary situation; because the Minister of Finance stated that perhaps next session they may have to bring in other measures.

What is likely to be the future situation? There are one or two alternatives. The cold war may continue. If the cold war continues, it means we are going to have

continued high expenditures for defence. The Minister of Trade and Commerce I think made that quite clear when he spoke. So long as we continue to have high expenditures for defence, there will of course be a heavy demand for materials manufactured in Canada. In addition, so long as this cold war continues there will be, for food produced in Canada, a heavy demand by members of the North Atlantic treaty and also by various countries in Asia that we are obliged to support under the United Nations organization. If therefore we are going to continue to have the cold war for the next five or six years, we are going to continue to have inflationary pressure.

The Deputy Chairman: Order. I have considered the matter carefully, and I entertain doubts as to whether the hon. member should, while discussing this resolution, go into the matter of the opinion of the government on what it considers to be a short-term taxation program. The rule is that remarks must be strictly relevant to the resolution. On looking over some of the citations on the subject in Beauchesne's, I saw one, citation 489, third edition, to the effect that a member was declared out of order because he was discussing the branches of the main line of a certain railway company which was then under discussion in committee. I think the hon. member is now going much farther than the member mentioned in the citation, when he was discussing branches of the line when expenditures for a certain railway company were before the committee for study. I should like the hon. member to consider that citation 489, Beauchesne, third edition, seriously and govern himself accordingly.

Mr. Quelch: Yes, Mr. Chairman. I will try to make myself clear in the future, because it is quite evident that I have not done so heretofore or you would not have made that observation. What I am trying to show is that the taxation that is being brought down in this budget—especially excise taxes—is causing an increase in the cost of living; that, as the result of increased taxation we would normally expect demand to fall off, unemployment to increase and prices to fall; but that, owing to the international situation, even though internal demand falls off, external demand is increasing, and will therefore take the place of internal demand and consequently we shall no doubt continue to have a high demand for the goods we are producing. On that basis I quite agree with the minister—

The Deputy Chairman: Order. If the hon. member pursues that subject, in my opinion he will not be addressing his remarks to the resolution that is now before the committee.

Mr. Quelch: I will pick up the resolution, read it section by section, and comment on it. Then at least I shall be in order, because I understand that at the present time the whole resolution is before the committee and not any one section. Section 1 reads as follows:

> That the rate of the general sales tax be increased from eight to ten per cent and that the rate of sales tax on those articles at present subject to four per cent be increased to five per cent.

It was suggested that that tax should be eliminated; and the parliamentary assistant, among others, suggested that any time we advocated the elimination of a tax we should suggest an alternative. When the leader of this group spoke he mentioned that as an alternative there could be an increase in the tax on liquor. The Minister of Finance has argued that if we have an increase in the tax on liquor at this time we may very well reach the law of diminishing return. Well, if we reach the law of diminishing return, so far as liquor is concerned, would that not be a worth-while objective? Is the government going to take the stand that it wants to increase the consumption of liquor in this country? Would they not actually be doing something for the welfare and health of the people of Canada if, as a result of a tax on liquor, there was a reduction in the consumption of liquor in this country?

Therefore if an increase in taxation in this regard would have that result—and I am not saying that it would—but if such an increase in taxation would have that result, namely that it would reduce the consumption of liquor, then I would say we would be achieving a worth-while objective. Then, again, if the minister thinks an increase in the price of liquor would reduce the demand for it, and feels that in order to maintain the revenue from that source he would like to have an increase rather than a decrease in consumption, I suggest all that would be necessary would be to maintain the price of liquor at the present level and then increase the water content in each bottle. A person would still be able to buy a bottle of liquor for the same price—but perhaps it would be a bottle with less kick. Some might say it would be less effective—but there, again, it is a matter of opinion. It might have less effect upon the person who drank it but the person would remain more effective than if the water content had not been increased.

I take the odd drink, but it would not worry me very much if such drinks were eliminated entirely. But I have seen strange consequences as a result of an over-indulgence in liquor. My mind always goes back to the

last war when, one day, coming back from the front line, I came across one of my platoon commanders very busily shooting at a bath-mat. I know what he thought he was doing: he thought he was shooting rats. I was afraid he might mistake one of my feet for a rat, so I went in the other direction. But the strange thing was that the next day that man did not remember having shot at imaginary rats; he had forgotten all about it. But he was having a fine time with his hunting expedition on rats—I suggest he would have been no worse off if he had not been able to get that liquor so as to indulge in his hunting spree. Some people are not satisfied with shooting rats; they go after pink elephants. If we were to put more water in the liquor they would probably be satisfied with mice, instead of elephants. I do not think it would be detrimental to the country if an increase in the taxation on liquor had the effect of reducing consumption. Indeed I believe it would be a good thing and would be beneficial to the country. The man with money, who wanted liquor, could still get it; people with less money would probably drink beer, and perhaps they would be better off. But it certainly does not worry me at all when the minister argues that an increase in the tax on liquor would curtail consumption, because I believe that would be a beneficial result.

Then the next paragraph in the resolution states:

> That the excise tax on goods mentioned in schedule I of the act, and on furs, that are at present subject to the rate of fifteen per cent be increased to twenty-five per cent.

I understand this includes radios, household electrical appliances, cameras, cosmetics, cars and the like. I believe the minister has referred to most of those articles as being articles of luxury. I do not know whether the females of the species would regard cosmetics as luxuries: indeed I think a lot of them would regard them as an absolute necessity. I have no doubt in some cases they are a necessity.

An hon. Member: Watch out.

Mr. Quelch: After all, the aim and objective of many women is to catch their men, and certainly they could be more effective in hunting their men if they had cosmetics. I do not see why we should make it more difficult for persons in the low income group to get their men than it is at the present time.

Mrs. Fairclough: Mr. Chairman, on a point of order, I feel really that I must categorically deny the accusation which has been levelled against the women of Canada by the hon. member.

Mr. Quelch: We all know the hon. member for Hamilton West would be absolutely exempted from anything I have said.

Then, on the question of cars: surely no one in the house—certainly no person from western Canada, and no person familiar with farming—would suggest for one moment that an automobile is a luxury, so far as the farmer is concerned. In the majority of cases it is a piece of equipment that is absolutely necessary—unless the farmer has a truck he can use instead of a car.

Even the income tax officials recognize that cars are essential equipment, because they permit a depreciation allowance to two-thirds the value of the car as deductible expenditure for income tax purposes. And the hon. member for Battle River suggests to me this question: Why should the farmer's wife ride in a truck?

Mr. Wylie: Let the hon. member for Hamilton West answer that.

Mr. Quelch: And what about the working man who resides several miles from the city, and has to drive several miles to town so as to engage in his work? To that man a motor car is absolutely essential so that he may go to his job. Certainly the minister cannot argue, in the light of those facts, that a car is a luxury. It may be used as a luxury by some people; but to other people it is a piece of equipment that is absolutely essential to the jobs in which they are engaged.

Then, of course, those who use cars as a luxury would be able to buy them, despite the amount of the tax. It is the people in the lower income groups who will find it difficult to buy new cars, in the light of these taxes. No doubt some people will argue, "Well, people in lower income groups should not buy new cars; they should buy old cars." I am sure there are many hon. members who at some time or other have bought an old car, and have realized that old cars are not always the cheapest things to buy. Sometimes it is cheaper to buy a new one, because tremendous repair bills may pile up so that an old car becomes a liability rather than an asset—and people on low incomes are not in a position to afford heavy repair bills.

I know as a matter of fact farmers often find it is actually cheaper to trade in machinery after a few years; it is cheaper in time saved and cheaper from the standpoint of saving repair bills.

Then the fourth paragraph is in these words:

That there be imposed, levied and collected an excise tax of fifteen per cent on the following goods when adapted to household or apartment use:

(a) stoves, hot plates, grills and other appliances when adapted wholly or in part for cooking and when designed for using other than solid fuels;

As has been pointed out, while this does not include stoves that burn coal or wood, it does include electric stoves and gas stoves. Many houses are designed so that only gas or electric stoves can be used in them. Therefore it would be a hardship to people starting up in houses of that kind if they have to pay this tax on that type of stove.

Then the paragraph includes washing machines operated by electric or other power. I cannot understand how the Minister of Finance can possibly in any way regard a washing machine as a luxury. Wealthy people do not use them; they send their washing out, or at least most of them do. I suppose some of them use washing machines. But people who do their washing at home must have washing machines; I think all will agree on that. We do not expect them to use the washboard in these days. Because of this provision, and this additional tax, it will be more expensive for them to buy washing machines. Perhaps the minister wants people to stop using soap, because some of the ingredients of soap can be used in munitions.

The next paragraph reads:

(c) electric, gas or kerosene refrigerators and freezing equipment and complete parts therefor including coils, condensing or compressor units, motors, cabinets, boxes, evaporators and expansion valves.

I can easily understand how many people would regard a refrigerator as a luxury, but on the other hand a refrigerator is a necessity in homes without basements if they are to eliminate spoilage. With the present high cost of food people cannot afford to have their purchases spoil and therefore a refrigerator is a necessity. Wartime houses have been built without basements, and certainly with a climate such as we have here in the summertime a refrigerator is a necessity if there is no basement. In western Canada many people live nine, ten, fifteen or twenty miles from town and they have to buy from week to week. In hot weather they find it hard to keep their food without a refrigerator. I admit we have done it in the past, but in those days prices were not as high as they are today.

Apparently the Minister of Finance feels that the people who want these things should be prepared to wait. How long should people wait for these things? Is there any likelihood that prices will fall in the near future? During the last war and after the last war the people of Canada were asked to co-operate by refraining from buying these things I have referred to, things that were perhaps not considered to be absolutely essential. The Minister of Finance asked the people to stop spending their money on these things, to put it into bonds, and then later when prices had fallen and the goods were in more plentiful supply they would be in position to buy them. Many people co-operated with the government. Here is what the Minister of Finance said, as reported on page 1800 of *Hansard* of April 10, 1951:

We in Canada have already done a great deal. As I have said on previous occasions, this is not a matter in which government policies alone can provide a complete solution. It is a matter which requires the fullest co-operation of all sections and groups, in which every person has a part to play.

As I was pointing out, in the past many people did co-operate with the government. Those who co-operated by refraining from buying these things are the people who got it in the neck. The people who said, "Oh, to heck with the government, I am going to buy a new refrigerator or a new stove or a new car," probably were able to buy forty per cent cheaper than they could today. The people who took to heart what the government was saying, that they should refrain from buying these things; those who said, "All right, we will co-operate, we will wait until they are more plentiful," found after they had waited two or three years that prices have continuously risen. Some stepped in at that time, but others kept on waiting and some are still waiting. Now they have either to continue waiting or if they want to buy, they must pay the already high prices plus this fifteen per cent excise tax.

How can the government expect co-operation from the people when they break faith in this way? Those people who listened to the government expected the government to play their part in keeping prices down. But those people who refrained from buying at the request of the government are now faced with greatly increased prices, plus this additional tax.

The people who are probably the hardest hit, the people for whom the Minister of Veterans Affairs should feel especially concerned, and I am sure he is, are the veterans. I recall how at the end of the last war the Minister of Finance referred to the fact that after world war I there had been inflation, prices had gone up and the veterans coming home had to pay greatly inflated prices for the things they required. The former minister of finance, Mr. Ilsley, said that they did not intend to allow that situation to develop

after the second world war. He said that they were not going to have the war veterans coming home and being faced with inflated prices.

What happened? The Minister of Veterans Affairs is probably aware of the fact that many veterans who wanted to buy land were advised by the Department of Veterans Affairs to wait until prices fell before buying land and equipment. In some cases they advised the veterans to wait for two years and in the meantime to work on farms to gain experience. What happened? In those two years, from 1946 to 1948, the price of a John Deere tractor increased from $1,800 to $2,800, and the price of land also soared. The result was that those veterans who had been advised by the department to hold off buying land and equipment had to pay 30 or 40 per cent more for what they wanted. In many cases the grants under the Veterans Land Act were swallowed up by the inflation that had occurred. I am sure that the government must feel deeply concerned about these men who could not help themselves.

Not even satisfied with that, apparently they are going to make the men in the armed services who are overseas pay income tax. However, I would be out of order if I discussed income tax at the present time.

I should like the parliamentary assistant to deal with the point as to whether or not these taxes are in reality a tax upon a large proportion of the savings of the people in the lower income groups who are not able to meet the high cost of living out of current income and are having to draw upon savings. This has been going on to quite an extent. I notice the February 1951 issue of the Canadian Statistical Review, at page five, states:

> The increase in consumer expenditure was the principal factor accounting for a decline of four per cent in personal saving, from $802 million in 1949 to $769 million in 1950. If changes in farm inventories are deducted from the saving figures, a much greater decline in the rate of saving is indicated. Thus, personal saving, exclusive of changes in farm inventories, was $604 million in 1950, compared with $875 million in 1949, which represents five per cent of personal income in 1950 compared with seven per cent in 1949.

As the situation deteriorates still further it means that not only will people not be able to save as much, they will actually have to draw upon their savings to meet the current cost of living, if they are lucky enough to have savings. We all know that there are many people who have already liquidated their savings. I know from personal experience and contact with many people that today they are cashing their bonds and various other capital assets in order to meet current expenditures. In other words, they are living on capital rather than on current income.

As a result of this resolution they are now going to have to pay an additional tax on the savings they spend. I think the minister should deal with that point because it is a very undesirable feature.

Mrs. Fairclough: Mr. Chairman, before I deal with the more serious aspects of this resolution, perhaps I should assure the hon. member for Acadia that the women of Canada are not concerned about the tax on cosmetics.

An hon. Member: The gals are.

Mrs. Fairclough: I doubt that, my friend; I doubt that. If all the cosmetics on the counters of all the drug and department stores in the Dominion of Canada were removed from those counters, the women of Canada would not be very greatly concerned.

Mr. Gibson: They might not look so good.

Mrs. Fairclough: I think they would still look good to the men of Canada. As a matter of fact it has long been a matter of conjecture as to who gets whom, and I think at times that the women probably feel that a few cosmetics might not be amiss in the men's sections—

Mr. Cruickshank: They taste very good.

Mrs. Fairclough: —of department stores and on the drug counters.

Mr. Cruickshank: It would take more than that to wake up some of those fellows.

Mrs. Fairclough: I think probably the hon. member is right, but I do not think it is confined to any one section of the house or of the nation.

The Deputy Chairman: Order.

Mrs. Fairclough: However, Mr. Chairman, I must put in a word for the women of Canada and say that regardless of whether or not cosmetics exist, regardless of whether or not they are taxed, the women of Canada will still be happy in this country. To turn to more serious aspects of the resolution, I was impressed with the question this afternoon of the hon. member for Montmagny-L'Islet with regard to the tax that has been placed upon cooking equipment. He made quite a point about the difference between coal and wood stoves, and electric and gas stoves. Unfortunately I am not aware of the conditions that exist in the whole of Canada but I know that in the cities, particularly the larger ones, a great many apartment houses and practically all of the newer homes are simply not equipped to take any kind of cooking equipment other than gas or electric.

Mr. Fraser: They have no chimneys.

Mrs. Fairclough: As my friend says, they have no chimneys capable of taking the outlets necessary to wood or coal stoves. Therefore any tax placed upon a piece of electric or gas equipment is directly discriminatory against those women who are forced to buy equipment that must be connected to gas or electric outlets. I submit they are in the majority in the Dominion of Canada when you consider the size of the large cities and the many apartment houses, and old homes which have been converted into multiple dwellings, in which this is the only type of cooking equipment available to them.

The hon. member made quite a point of the fact that coal and wood stoves serve a dual purpose, that in addition to being cooking equipment they were also heating equipment. That may well be, but after all we cannot all eat cold food, we cannot all eat raw food. If these people are going to raise their families so that they will be healthy, if they are going to supply their men with the kind of meals that will fit them for a place in the production lines of this nation, they have got to have cooking fuel, and in a great many places today the cooking fuel is either gas or electricity in a large majority of the homes. I contend that the imposition of this tax upon any one class of cooking equipment is discrimination against women who are forced by circumstances to buy and use that particular type of equipment.

I was surprised to hear the parliamentary assistant say this afternoon that the increase in the sales tax had been deliberately imposed to levy a tax upon those people who would not under ordinary circumstances pay tax on their incomes because of the exemptions they ordinarily enjoy by reason of married status and the children they have. When I say I was surprised, I do not mean that I was surprised at the idea because I had rather thought that was the case all along, but I was surprised that the parliamentary assistant would admit it. I was surprised that he would admit that the government would impose an additional tax upon people who admittedly, by the government's own standards, do not earn enough money to maintain their families and pay a tax on their incomes.

Mr. Fraser: A tax on the poor.

An hon. Member: Oh, oh.

Mrs. Fairclough: My hon. friend can laugh but that is true.

Mr. Richard (Ottawa East): I am not laughing at anything the lady said, but I am laughing at the insinuation that you are the poor people's party.

An hon. Member: Cheap stuff.

Mr. Casselman: Smart boy.

Mr. Fraser: Just because you represent St. James street—

Mr. Richard (Ottawa East): Never saw it.

Mrs. Fairclough: I cannot recall that I made that assertion, nor can I recall that my hon. friend made that assertion. It is one that has been handed to us by the hon. member, and on behalf of myself I accept it. I think I know just as much about the problems of the poor people of this country as any member of this house, if not more.

Some hon. Members: Oh, oh.

Mrs. Fairclough: Yesterday in this house I had occasion to agree one hundred per cent with the hon. member for Mackenzie when he said, as reported at page 2388 of *Hansard*:

> This sales tax attacks the municipalities, who are not profit-making corporations, in the same way as it attacks profit-making corporations. The municipalities—the government of the country just the same as the federal government—are rendering service to the people, doing a lot of development work and carrying a lot of social services, which are rendered directly to the individual. If it is impossible to take the sales tax off such things as the machinery bought by the municipalities, then the government should give a grant in lieu of this tax to every municipality in Canada of 1,000 inhabitants or more.

During the afternoon and early evening we have heard a good deal of argument in reference to the impact of this tax on the families of this nation. The argument put forward so far has dealt largely with the increased cost of clothing and the various supplies required in a home, but I should like to direct attention to the fact that municipal costs are likewise paid largely by the homemakers. Every cent of the sales tax on supplies purchased by a municipality is paid out of real estate taxes or in rent, which has a direct relationship to real estate taxes, by those in this country least able to pay. No doubt hon. members are well aware that it has long been the contention of the association of mayors and reeves that the sales tax should be remitted on supplies purchased by municipalities, whether those supplies are machinery, hospital supplies, articles required by boards of education, or whatever they may be. In whatever category they may fall they are paid for by the people of the municipalities through increased real estate taxes.

I am sure hon. members have followed, as I have, the reports in the papers during the last couple of months. There may be some municipality in some obscure corner of this country that has lowered its taxes this year,

but if so I have not noticed it. Almost every municipality has increased its tax rate to a substantial extent. This in turn is reflected in the amount that must be paid by the ordinary home owner to maintain his home before he even starts to buy food or clothing or any of the other things a family needs. To use a word that has been used already this afternoon and evening, this is an iniquitous tax. I can do no more than beg the minister to withdraw this tax before it is too late, before the people of this country suffer to an extent beyond their endurance.

Mr. Fair: I believe this house is indebted to the hon. member for Acadia for the light he has thrown on the effects of the budget proposals which are now before us. I believe many hon. members did not realize what would be the result when these various changes are put into effect. It seems to me that the Minister of Finance and his advisers should hang their heads in shame when they appreciate the effect this will have on the common working people of this country. Perhaps it is all right to sit in this chamber, to eat in our restaurant up on the sixth floor, to live at a big hotel here or in another city, and charge plenty for a day's work or for a half hour's work; but compare that with the conditions under which the little fellow has to live and the pay he draws for a full day's work. I believe these things should be taken into consideration before we proceed further with the budget proposals.

Many say the people like taxes. That is not the case; but apparently a lot of people go to sleep when election day comes around, because they keep putting the Liberals back into office. Then they have to pay heavier taxes and live on reduced earnings. But when the next election comes around they put the Liberals right back in, as I believe they have done today in Prince Edward Island. I do not know why they do it. If I were a Liberal and had to support a thing like this budget, which many of them including the hon. member for Mackenzie do not believe in, I would get out of the Liberal party and stay out for good. Section 4 of these proposals reads:

> That there be imposed, levied and collected an excise tax of fifteen per cent on the following goods when adapted to household or apartment use:
> (b) washing machines operated by electric or other power.

When the parliamentary assistant replies to the questions which have been asked I should like him to make clear whether this "other power" is man power or woman power, or whether it is confined to gasoline engines and electricity. I ask that because we sometimes find that when these taxes are being collected those who may be seeking advancement in their positions may interpret things in a way parliament did not mean when the resolutions were being considered. I should like that matter cleared up when the parliamentary assistant is replying.

Mr. Bryce: This budget leads me to believe more than ever what I said in the house some time ago, that the Liberal party of today is not the Liberal party of yesterday. When I was a boy the Liberal party protected the rights of the poor people, but this budget certainly does not do that. This increase from 8 per cent to 10 per cent is far too much. I was surprised at the remark of the parliamentary assistant that people could use the scrub board for a while longer.

Mr. Sinclair: I did not say that.

Mr. Bryce: Well, those may be my words but what you said had the same meaning. My wife had to use a scrub board, and I do not want my daughter to have to use it.

Mr. Gibson: Why not? It won't hurt her.

Mr. Bryce: The government of Manitoba has given us electricity, which we have been expecting for over twenty years. We promised the people there that they would get the appliances, and they made deposits on them. Now they are going to have to pay an extra 15 per cent. Is that a square deal? I have so many letters coming to my desk every day asking about these things, wanting to know what the Liberal government is thinking about. You are going to find out when you go back to the country the next time.

Mr. Blackmore: Don't worry about that; they will be elected again. That is all they worry about.

Mr. Bryce: It seems everyone wants to speak now that I have the floor. If everyone else wants to get after the government I will sit back and enjoy it. I want to say to the parliamentary assistant that the government should not put that 15 per cent tax on stoves and the other things that are necessities today. If you go back to the wood and coal stove, do not think you are being progressive, because that is a backward step. When you teach girls domestic science, you do not teach them on a wood stove or a gas stove, you teach them on an electric stove. You show them how to wash clothes in an electric washing machine. I appeal to you to put the excise tax back where it was, because it was heavy enough, and take the fifteen per cent off these appliances that the womenfolk of this country need.

Mr. Diefenbaker: Mr. Chairman, I feel that the parliamentary assistant would like to be answering some questions. I know he is most

desirous of answering a number of questions that have been asked of him, so I shall not make any lengthy speech at this time. I am most surprised that the members on the government side have not had something to say about this addition to the general sales tax. If ever there was an unjust and unconscionable tax to be imposed at a time of inflation, it is this additional two per cent. It is insidious and is resorted to because it is hidden. It has already resulted in an increase in the cost of living. It has done so in the case of gasoline and clothing. Shoes are going up, and all because of the fact that the government has joined in the merry-go-round of self-created inflation, its own home-made variety, by adding an extra two per cent. There is no amount of explaining that can get away from the fact that this tax is adding to the cost of living in this country, whatever the brain trust that advises the government may say. They find it an easy way to advise the government to take this means. I am not going to quote what other finance ministers have said, but I do point out that, at a time when the cost of living is going up as never before, the government adds to the speed of the merry-go-round by a sales tax. It does add to the cost of living. It does not affect those whose income is over $3,000 a year to the same extent that it does those whose income is under that, as the member for Hamilton West pointed out a moment ago.

There are a number of matters on which I desire information from the parliamentary assistant, and I am sure he will be able to answer because the dominion bureau of statistics has furnished some information in this regard. I should like to ask him how many dollars a year the ordinary family, covered by and comprised within the computation made in arriving at the cost of living, will have to pay in sales tax this year by reason of the addition of two per cent. I am speaking of the family with an income under $3,000 per year, for after all they are the ones that are generally taken into consideration in arriving at the index figures connected with the cost of living. I have endeavoured to compute this, and I think it comes to about $39 for a family per year.

Then, take the other items. How much will it cost such an ordinary family in respect of those goods covered by section 2, the excise tax on goods mentioned in schedule I? What will the cost be to this ordinary family, which I believe comprises four and a half persons, the average number that is taken into consideration in connection with the index number? How much will it cost them in respect of paragraph 4, the fifteen per cent excise tax on stoves, hot plates, grills, washing machines, refrigerators and the like? If we have that information we then have some idea as to the effect of these taxes. Certainly, these taxes are not going to be anti-inflationary. Their purpose can only be to secure revenue, their result a reduction in the ordinary standard of living among those in the lower income tax brackets.

I am going to give the minister an opportunity, before I say any more, to furnish the committee with this information because I am sure he has it all available. After all, before taxes such as these would be imposed by the cabinet, there must have been information secured from the bureau of statistics. I therefore give the parliamentary assistant the opportunity I know he is looking forward to of furnishing this information.

Mr. Johnston: Just before this item passes—

Mr. Fraser: Let us have this information first.

Mr. Sinclair: I do not want to take up more time in this debate than is necessary, but I have a fair list of questions here which have been asked. First of all, however, I should like to reaffirm the position so far as sales tax and income tax are concerned. In the last year or so I have read back the budget speeches of every minister of finance since the end of the last war. I believe they have all faced this problem. Every minister of finance has agreed that the income tax is undoubtedly the fairest tax, and from the point of view of the lecturer in the classroom that it is the only fair tax. There is, however, a great difference between an academic discussion on taxes and the actual application to an issue. Every country has found there is a very practical limit so far as the application of income tax is concerned.

I am not going to quote any economic authority, but I am going to quote my little Scotch friend the hon. member for Selkirk. Three or four years ago he put a remark on *Hansard* which shows so well the reaction of people to an excessive income tax. You will remember that during the last war we had an income tax scale much heavier than we do now, and we had much lower exemptions. The income tax laws were beginning to be applied to farmers. My friend protested very bitterly about the extension of income tax to them, and told how a farmer in his riding had given up dairy cows and was going to continue as a wheat farmer. This farmer had said, "I willna milk cows for Ilsley"; that is the very effect of an aggressive income tax. In my own riding during the war we saw its effect in the form of absenteeism in the shipyards. Once a man's income got to the level where extra work put him in a high

bracket, he said it was not worth while working. They have certainly had that same experience in Britain.

Some of you will recall that last spring I had the opportunity of going around Europe in connection with the collection of war debts. I was quite impressed with a talk I had with the minister of finance of Belgium. The Belgians have recovered more quickly than any other European people. They have worked very hard. He said that one of the incentives they had given the people to work hard was a low income tax rate. The people who worked overtime got most of the extra money, and spent it on consumer goods which were taxed. It is true that the Belgian government got more revenue by means of much heavier excise taxes and sales taxes than the British had. In Britain they have a very heavy income tax rate. When a man did have a little money left after income taxes, he found there was nothing on which he could spend it. He could not buy more food because it was rationed, more clothing because it was rationed. He could not get extra material to extend his house, because it was in short supply. A government is faced with the hard fact that, if it cannot rely solely on corporation and income taxes for raising revenues which it needs, there is a very practical limitation.

During the last two or three years hon. members will recall that there has been no absence of suggestions from opposition members for more Pacific pacts, more Colombo plans, and for bigger national defence expenditures; all those things have to be paid for. Turning to the practical point of diminishing returns, as to not just taxes but productivity throughout this nation, it can be fairly quickly reached and it would be reached overnight if we tried to impose the entire load of taxation on income tax. Since this country has had both income taxes and indirect taxes, we have had to try to maintain this almost even balance between our collections of direct tax and our collections of indirect tax.

An hon. Member: Answer the question.

Mr. Sinclair: I have plenty of answers here, if the hon. member will just bide his time. There has been talk here by the lady member for Hamilton West implying that I said that the sales tax was our method of taxing the poor. The sales tax is paid by all those who buy those materials. The income tax of this country has of course a direct relation to our tax program. I have here a table which I intended to put on the record when we were discussing the personal income tax. It is one showing that this country has higher income tax exemptions than have the other two countries with whom we can reasonably compare ourselves, namely, the United States and Great Britain. Here in Canada we have income tax exemptions as follows: for a single man $1,000; for a married man, $2,000. Perhaps I should go right across the board. For a single man, $1,000 in Canada; $600 in the United States and $319 in the United Kingdom. That is at $2.90 to the pound. The United Kingdom will show one or two other provisions which I will mention when I come to the table. Exemptions for a married man: in Canada, $2,000; in the United States, $1,200 and in the United Kingdom $551. Children receiving family allowances are given exemptions of $150. If they are not in receipt of family allowance, they are given exemptions of $400. There is no family allowance in the United States. Children get a $600 exemption. In Britain, whether the child receives family allowance or not, he receives an exemption of $203. The family allowance in Britain is taxable. The British allow a further exemption of 20 per cent on earned income.

I want to give a specific example. I said a little earlier this afternoon that today in Canada we have 5,200,000 people gainfully employed, of whom only 2,200,000 pay income tax. That is because of these high levels of exemptions. I will take the example of a man earning $3,000 a year, because that was the figure mentioned by one of the speakers.

Mr. Knowles: Mr. Chairman, may I raise a point of order, and I do not do so in any vindictive spirit. I would just like to have things clear. A short while ago, when the hon. member for Acadia seemed to you to get a little bit beyond the scope of the Excise Tax Act, Your Honour insisted that he get back to the discussion of that act. The parliamentary assistant is now getting completely away from the Excise Tax Act resolution.

An hon. Member: It is a question he was asked.

Mr. Knowles: Just a minute. The parliamentary assistant is discussing the Income Tax Act. I should just like to know whether that procedure can be construed as being in order, so that the rest of us can enter into the same discussion, or might it not have been better if the parliamentary assistant had withheld what he is now giving, as he said he intended to do, until we came to the other measure?

Mr. Sinclair: If I may speak to the point of order, I should like to say that I am not discussing income tax proposals. But the hon. member for Hamilton West, in her remarks, mentioned the income tax exemption and—

Mrs. Fairclough: No.

Mr. Sinclair: —that I have made the statement that the sales tax was our tax on the poor.

Mrs. Fairclough: I said nothing at all about income tax exemptions; but inasmuch as the parliamentary assistant has mentioned the matter, I should like to make a remark on his assertion that the exemption is $150 for children where their parents receive the family allowance. That is not the case. The $150 is allowed where the parents are eligible for family allowance, whether or not they receive it.

The Deputy Chairman: Order. I think the point of order raised by the hon. member for Winnipeg North Centre is well taken. I heard the parliamentary assistant premise his remarks by quoting some assertion made by the hon. member for Hamilton West and I thought he was replying to that. Now that this misunderstanding has been cleared up by what the hon. member for Hamilton West has just said, I will have to ask the parliamentary assistant not to discuss this broad picture of inflation or the cost of living, and not to refer to income tax on the excise tax resolution.

Mr. Blackmore: Mr. Chairman, I greatly regret that the hon. member for Winnipeg North Centre saw fit to raise this point of order. After all, we are discussing the question of the expediency of passing these measures. "Expediency" is a fairly broad word, and it applies fairly well all over the economy. I submit that the parliamentary assistant was completely in order because he was endeavouring to justify the application of this sales tax, having regard to the ability of those in the lower income brackets to pay, in comparison with that of those who pay income tax. I cannot see how we can more fully be discussing the "expediency" of the measure than by doing exactly as he has done. I submit to Your Honour that any attempt to limit too strictly discussion with regard to the expediency of this measure will render the discussion a complete farce.

The Deputy Chairman: I think the hon. member should realize that there should be just one ruling with regard to any one measure and that the ruling should apply to every hon. member. A moment ago I called the hon. member for Acadia to order because he was taking too broad a view of the resolution and going outside it. The hon. member for Winnipeg North Centre has now raised a point of order which I have just ruled was correctly raised. I shall therefore have to insist that this rule be observed. The hon. member refers to the expediency of the measure. The resolution reads:

> Resolved, that it is expedient to introduce a measure to amend the Excise Tax Act and to provide: Paragraph 1 . . . .

And then specific provisions are set out. That is what is to be considered, and the remarks must be strictly relevant to each paragraph of the whole resolution which is now before the committee, on the various items which are to be amended or repealed or whatever the case may be.

Mr. Sinclair: I bow to your ruling, Mr. Chairman, because there will be opportunity under the personal income tax resolution to discuss this matter. I shall confine myself now to answering questions which have been raised by various members opposite.

The hon. member for Acadia spoke at some length about liquor taxation. I should like to point out what has already been said by the minister, what was said by myself on the budget speech, and what has been said by Premier Frost, namely that as far as liquor taxation in Canada today is concerned, we have come to the point of diminishing return. He asked whether we were interested in the control or the handling of the liquor business. The federal government is not in the liquor business. The control of liquor is in the hands of ten provinces. But when Premier Frost, speaking in the budget debate in the provincial legislature, said that any increase whatsoever in liquor taxes would result in the province of Ontario having a $10 million deficit this year, you can see that the point of diminishing return has been reached. There is some more than that, though, in connection with liquor, because it encourages the breaking of the law, bootlegging and moonshining; and as Premier Frost pointed out, the problem of enforcement was a provincial matter.

As to the suggestion that this act should replace the sales tax, during the dinner hour the national revenue people made a rough calculation. It would need a 300 per cent increase in our present scale of taxation on liquor, the highest we have ever had, a scale of taxation we have never cut back even from the last war, but which we raised in the baby budget last fall. As I say, it would require at least a 300 per cent increase in liquor taxation, provided there was no diminishing return. That is, our tax would be

at least $36 a gallon. That shows how impractical a suggestion like that is with regard to finding the necessary revenues.

Mr. Diefenbaker: How many gallons does that take into consideration? In arriving at $36 a gallon, I am interested in knowing how many gallons that would be.

Mr. Sinclair: National revenue do not charge on the type of products sold at the stores. They charge $36 a proof gallon; that is, a proof Imperial gallon. The ordinary quart sold at the liquor store is not a real quart. It is one-fifth of a quart less.

An hon. Member: A dollar a gallon.

Mr. Sinclair: It is not the federal government. It is the provincial government that do it as a business operation. This is no conflict in taxation between the provinces and the federal government. The federal government has a right of taxation here. The provinces are in the liquor business. It is, after all, taxation on their business to which they are referring.

Mr. Adamson: Does not the federal government enforce the 30 per cent underproof?

Mr. Abbott: No; only during the war.

Mr. Adamson: Has that been washed out? Then provincial governments could sell whisky that was not 30 per cent underproof?

Mr. Abbott: Yes.

Mr. Sinclair: The liquor controllers meet each year and decide on a common national policy in that respect.

Mr. Fraser: How many gallons does that take into account when arriving at the $36 per gallon?

Mr. Sinclair: Last year the revenue from liquor taxes was $61 million. To raise another $125 million would require, in effect, $36 a gallon tax, instead of the present $12 tax.

Then, to go on to the next point, the matter of the tax on cars, washing machines and refrigerators. Hon. members across the way seem to be trying to leave the impression that the only reason we are taxing them is because they are regarded as luxuries. They are not luxuries. The Minister of Finance and the government are faced with the problem of raising an extra $400 million, and faced with the problem of placing that tax load on the Canadian people as fairly as possible.

I said when I spoke last week that, so far as this particular paragraph is concerned, referring to power washing machines, refrigerators and electric stoves, they are goods with an especially high content of materials needed for defence, not only steel but copper. I put the striking analysis of the Anaconda Copper Company on the record, as well, to show the essentiality of those materials.

The Minister of Finance also mentioned the amazing rate of spending on these items. On the point raised by the hon. member for Battle River with respect to washing machines operated by electrical or other power I would say that the intent of that is that it is mechanical power.

Then the hon. member for Lake Centre asked a series of questions as to the actual amount of tax paid by the low income family. At the beginning of the session I placed on record an analysis made up by the dominion bureau of statistics respecting goods in various categories, and showing family purchases over a variety of incomes.

Mr. Diefenbaker: But that does not answer my question. Has the parliamentary assistant any record or has he secured any record from the dominion bureau of statistics setting out how much the increase in the sales tax, as shown in the first paragraph of the resolution, will add to the cost of living of the average family with an income under $3,000? I have reason to believe that that information is in the possession of the parliamentary assistant. That is what I am trying to find out—how much the general sales tax will increase the cost of living of the average family he has used as a model, and in respect of which the cost of living index is arrived at. That information must be available, and I think it would be most interesting if it showed exactly the degree to which the sales tax will impinge upon those in the small income tax brackets.

Mr. Sinclair: Well, I think the table I put on record today shows that picture. Perhaps it does not show it in exactly the way the hon. member wants it. What the hon. member asks would not be a matter for the Department of National Revenue, but rather for the dominion bureau of statistics, with its sampling of average families of various income groups across the country. That is not the type of work done by the Department of National Revenue.

Mr. Diefenbaker: But there must be some collaboration between these departments.

Mr. Sinclair: I will endeavour to have that information ready when the Excise Tax Act bill is before the house.

Mr. Diefenbaker: And also, the information on paragraphs 2 and 4—those three paragraphs.

Mr. Sinclair: Yes.

Mr. Diefenbaker: Because it will show directly, as a result of the examination by the bureau of statistics, how much these new taxes are going to interfere with the standard of living of those in the low income tax brackets, who have nothing left today. They are the people who, more than anyone else, are directly affected by this injustice of imposing a sales tax at this time.

On the one hand you have a government with a realization of the cost of living going up, at a rate never before equalled, and on the other hand you have a government adding to the fires of inflation by adding a sales tax on necessities at this time.

Mr. Chairman, for the life of me, I cannot understand what justification there is for this tax at the present time. I shall ask the parliamentary assistant a simple question: does he in any way suggest or does the government suggest that the imposition of this sales tax at the present time, and also the excise tax on stoves, washing machines, electric or kerosene refrigerators, and so on, is going to contribute anything to meet the onrush in the increase in the cost of living? Will this do anything like that? If it will not, then it is one of the most serious things the government could possibly do at this time. They are actually creating their own internal inflation by the taxes they impose.

Then I hear the parliamentary assistant talking about Colombo. That apparently is one thing that is referred to by him to account for all the extra taxation. The government announced in January that $25 million was going to be voted for Colombo—part of our defence requirements; that, in effect, is what it is. The $25 million is to be used for the purpose of containing communism, and seems to be the one thing my hon. friend keeps returning to, with monotonous regularity, to explain all additional taxes.

Mr. Knowles: Is he for or against it?

Mr. Diefenbaker: I will ask that question: does he believe that $25 million should be given under the Colombo plan? I ask that because for the last several days, over and over again, he has referred to it.

Mr. Sinclair: And the reason I have referred to it is that I not only believe that $25 million should be given, but I am willing to support the tax necessary to pay it. I am unlike the hon. member who goes on the air and says we should be giving $50 million to Colombo, and then comes to the House of Commons and opposes all the tax measures which are necessary to pay for this project.

Mr. Diefenbaker: Mr. Chairman, as a matter of fact no one had spoken of the $25 million contribution by Canada to the Colombo plan when I spoke on the radio. It was only after I had suggested an expenditure should be made, in consequence of the experience you and I had recently—it was only after that that the government announced the $25 million; and I agreed that that was sufficient for the purpose. Never did I mention $50 million after the government decided to advance that amount of money, after playing with the problem from September last until we, on our side of the house, felt it was one thing that should be done. And then the government finally decided that it was going to make a contribution.

An hon. Member: You said in Quebec it should be made.

The Deputy Chairman: May I suggest that we return now to a discussion of the excise tax?

Mr. Gibson: May I suggest that when the parliamentary assistant is having figures prepared he might also have prepared the expenditures of the average family on tobacco and liquor.

Mr. Sinclair: This table which I indicated contained a breakdown of expenditures of families at different levels for these items of tobacco, alcoholic beverages and the like. And when I say I am trying to get that information, I must say I do not know that the dominion bureau of statistics can break down figures in that way for the groups suggested. However I will suggest it.

Then, hon. members have talked a great deal about the pyramiding effect of a sales tax like this at the manufacturer's level. I cannot help feeling that there is an implication that all the retailers and businessmen are taking shameful advantage of the consumers—which I do not believe. I would like to hear some of the retailers in the house, people with practical knowledge, state whether or not they pyramid the tax or whether their markup is the cost of doing business. There again, we know that with different items there are different markups. One of the closest markups is in clothing and one of the largest markups, as two hon. members over there should know, is in household appliances. The application of the two per cent increase in the sales tax at the manufacturer's level manifests itself in a different way if there is a ten per cent markup, as in clothing, or a 50 or 100 per cent markup, as in furniture and household appliances.

Mr. Johnston: Mr. Chairman, I think the parliamentary assistant is going to have a rather difficult time in convincing the people that this extra tax is not going to materially

raise prices. The people who buy these things are going to be the best judges. A while ago somebody said that the ratepayers of the country had voted in the Liberal government. I have not much sympathy with those people who would put in a government like this. I would say that all those who voted Liberal deserve just what they are getting.

A while ago the parliamentary assistant said that the reason they did not increase the tax on liquor was that it had reached the point of diminishing return. I think almost everyone in this house will agree that that tax should have been increased instead of the tax on some other things. The parliamentary assistant said also that they did not want to encroach upon provincial jurisdiction. I think both these reasons are exceedingly wrong.

In the first place the federal government is already taxing liquor so there would be no question of their getting into that business —they are already in it. It is just a matter of degree, a matter of how much further they want to go with a tax on liquor. Apart from its use for medicinal purposes, if there ever was a luxury, the use of liquor is one. I think it is safe to say that with all the taxes that have been put on liquor there has been no sign of a lessened consumption. The provincial governments have used this tax as a successful source of revenue. I am just speaking from memory, but I think Alberta got something like $12 million and there was an increase in consumption. This shows that there is a field here for increased taxation by the federal government.

Then it was said that taxation on liquor had reached the point where it was encouraging bootlegging. That is not a very good argument. The government has increased the tax on tobacco and cigarettes to the point where it has caused a material increase in bootlegging and blackmarketing. Yet you hear no suggestion from the federal government that they are going to eliminate these taxes—I am not suggesting that they should —in order to stop bootlegging. I am just pointing out the impracticability of suggesting that they have reached the point of diminishing return with liquor but not with tobacco and cigarettes. I noticed in the paper the other day that Ontario is having an exceedingly difficult time in curtailing bootlegging and blackmarketing of cigarettes, and only yesterday the papers stated that British Columbia was facing the same problem.

I have not heard of any greater difficulty in the bootlegging of liquor now than there was before. Yet all of a sudden there is this surge of bootlegging and blackmarketing of cigarettes. I think the argument of the government that they could not raise the tax on liquor because it had reached the point of diminishing return and would increase bootlegging and blackmarketing is not very well founded.

I think the people generally who consume these articles would far rather have the tax increased on them than have an increase on the tax on these other things which enter into the ordinary necessities of life. The idea of taxing washing machines! The parliamentary assistant says that that is the only way they can get revenue. That is not the only reason the Minister of Finance gave when he was giving his speech. If I remember rightly he gave as a reason, first, that they had to get revenue and, second, that they had to save material for use in rearmament and so on.

That reminds me of the last war when they began to raise the price of automobiles. It was said that one reason for doing that was to save material so that it could go into the manufacture of armaments. When we suggested that the proper way to handle it was by rationing the government replied that they could not do that. The same thing applies today. If we need the metal which goes into washing machines, refrigerators and automobiles so urgently for war purposes, the proper thing to do is to ration these articles and treat everybody fairly.

This is not a fair tax because those with large incomes are going to get automobiles, washing machines or refrigerators when they want them. An extra $50 or $60 on a washing machine or a refrigerator, or another $200, $300, $400 or $500 on an automobile will not amount to a row of beans to those in the higher income brackets. But it is of material importance to the housewife who needs a new washing machine. Perhaps the parliamentary assistant knows of cases, but I never heard of a housewife buying a new electric washing machine if she did not need it pretty badly.

We are told that there is to be no tax on those that are operated by hand. I doubt if any of them are being made, although there may be one or two. The country is becoming electrified so rapidly that only electrical machines are used. If not electrical, then the gasoline machine is purchased. I do not think anyone would suggest that a farm wife will buy a washing machine as a luxury.

One thing that has amused me all down through the years that I have been here since 1935 is that I have heard it said repeatedly that the fairest tax was the income tax. I do

not think I have heard anyone say this session that the income tax was not the fairest tax. If that is so, and I believe it is, we should look to that field, and in saying this I am bearing in mind what the parliamentary assistant said a moment ago about discouraging production and all that sort of thing.

The very fact that the exemption on income tax is set at $2,000 for married persons indicates that we consider that everyone having an income of less than $2,000 is not in position to pay income tax and maintain a decent standard of living. With the present runaway inflation that $2,000 will not buy $2,000 worth of goods, it will buy only a little over one-half. The parliamentary assistant pointed out that this tax was to raise money. If that is so, why try to get blood out of a stone, why try to get money out of those people who are less able to pay income tax? The exemptions from that tax clearly indicate the position. When you look over the income tax field you find that the greatest amount of revenue is obtained from those people with incomes between $3,000 and $8,000. Certainly everyone will recognize the fact that nowadays an income of $3,000 does not keep a family in a position where they can live in luxury.

The Deputy Chairman: Order. I heard the hon. member discussing income tax.

Mr. Johnston: I am speaking directly about the excise tax.

The Deputy Chairman: The hon. member will realize that this matter was ruled out of order a moment ago. May I at this point impress upon all hon. members that standing order 58, section 2, reads:

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

The words "strictly relevant" might be interpreted in different ways, but may I again call the attention of hon. members to citation 489, for instance, of Beauchesne, third edition, which reads as follows:

> In committee of supply, on the 22nd May, 1931,—

Mr. Johnston: We cannot hear you, Mr. Chairman.

The Deputy Chairman: I am reading citation 489 of Beauchesne, third edition, as an illustration of what was meant at that time by strictly relevant to the item under discussion. The citation reads:

> In committee of supply, on the 22nd May, 1931, while a resolution was in discussion for an expenditure of $6 million for construction and betterments of Hudson Bay Railway and Terminals, a member was ruled out of order by the chairman for discussing the question of railway branches to the Pacific coast by a Peace river outlet. The chairman based his ruling on standing order 58, section 2, which says that "speeches in committee of the whole must be strictly relevant to the item or clause under consideration." An appeal was taken to the house but the ruling was confirmed on division.

I think a certain amount of latitude is always permissible. When a matter as complicated as the one comprised in this over-all resolution is before the house, I can understand how difficult it may be for whoever takes the floor to confine his remarks strictly to the discussion of the resolution as a whole, but I will ask the hon. member to co-operate with the chair. I know that is what he wants to do. I am not addressing my remarks only to him but to all hon. members and I ask them to confine their remarks—

Mr. Blackmore: We cannot hear what you say.

The Deputy Chairman: I hope it will be possible for the acoustics of the house to be improved because, at the moment, I am speaking with sufficient volume that I should be heard at the end of the chamber. If the hon. member cannot hear me now I am very sorry. What I am saying is that all hon. members should co-operate as much as possible in order to expedite the business, and should confine their remarks to the resolution under consideration.

Mr. Knowles: Mr. Chairman, for the benefit of the committee, in view of the fact you have drawn our attention to standing order 58, section 2, which reads: "Speeches in committee of the whole house must be strictly relevant to the item or clause under consideration", will Your Honour tell us what specific item or clause is under consideration?

Mr. Fournier (Hull): Excise.

An hon. Member: The Excise Tax Act.

The Deputy Chairman: When I say "item or clause" as referred to in the standing order, the hon. member will realize that what is meant by that is not necessarily a clause merely of two lines. As a matter of fact the item before the committee now is a resolution of eight paragraphs. That is what is before the committee.

Mr. Knowles: Isn't it absurd?

The Deputy Chairman: That is what is meant by the standing order.

Mr. Blackmore: May I draw Your Honour's attention to the fact once more that the item we are discussing is expediency?

Mr. Fournier (Hull): That has been ruled on.

Mr. Blackmore: May I read what we are discussing?

The Deputy Chairman: Order.

Mr. Blackmore: "That it is expedient"—

The Deputy Chairman: Order. The hon. member has drawn this matter to my attention before. It is true that this resolution, and all resolutions, start with the wording "that it is expedient to introduce a measure", but what are before the committee are the subject matters of the whole resolution. These are that the rate of the general sales tax be increased, that the tax on candy and so on be reduced, and so on. These are the subject matters which are now before the committee.

Mr. Blackmore: Mr. Chairman, I am sorry not to bow to your ruling but this is a rather important matter. May I read—

Some hon. Members: Order.

Mr. Blackmore: The steam roller, is it? Let me read what the dictionary says with regard to "expedient". The definition is "advantageous", "suitable", "as to do whatever is expedient", "is expedient", "it is expedient that he should go". Now, Mr. Chairman, when you come to discuss expediency with reference to all these items which are listed you have a field as wide as the whole economy of Canada. I just cannot see it in any other light. I have no desire to spread the whole discussion out too far, but certainly I do not see how in the world you can limit any reasonable discussion on this item of expediency.

The Deputy Chairman: I want to thank the hon. member for his kind remarks. I should like to point out to him, however, that the resolution starts with the word "resolved". If some hon. member should decide that what we are now discussing is the word "resolved", proceed to indicate what the word "resolved" means, go into all the details of resolving into something, then deal with the word "expedient", and then with what the word "measure" could mean, we would cover a great deal of territory, and would not have time to discuss the various details of the resolution. I want to study the remarks made by the hon. member for some other occasion, but at the moment I think that the hon. member will be satisfied with the ruling I have made, and which will apply from now on.

Mr. Graydon: On a point of order, Mr. Chairman, I should like to have a ruling on one matter. Does the chairman not make any distinction between a resolution and the clauses in that resolution? He has already ruled by the citation he has read that the discussion should be limited to the clause in question. I cannot see how he can make a valid ruling when he takes all the clauses, puts them in one resolution and says that is a clause.

The Deputy Chairman: The hon. member was not in the house this afternoon when the matter was discussed as to whether or not the paragraphs of the resolution were to be discussed separately or as a whole. The decision was made by the house that they were to be discussed as a whole. Therefore what is now before the committee is not eight items or eight clauses. It is one resolution with eight paragraphs. Therefore there is only one item so far as the committee is concerned, and that is the whole resolution.

Mr. Graydon: Mr. Chairman, the problem that has been raised was raised by yourself in the citation that you read. I was here and voted this afternoon, contrary to what the chairman said, but he has now said that the discussion must be confined to clauses which of course is entirely contrary to what the vote this afternoon decided.

The Deputy Chairman: The hon. member will understand it must be strictly confined to the clause or item.

Mr. Graydon: But you did not say "item" until now.

The Deputy Chairman: I said "item" and I read the rule. Some other hon. member has also read the rule. The rule says—and I am going to repeat it:

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

The item before the committee now is the excise tax resolution.

Mr. MacInnis: I accepted what happened here this afternoon—

Some hon. Members: Order.

The Deputy Chairman: Order.

Mr. MacInnis: I am raising a point of order. We have got into such a tangle over procedure that we really do not know where we are. I could take a group of unlearned and inexperienced people anywhere who could carry on a meeting in better form than this. I point out to you, sir, that we are not discussing one resolution. Read the resolution as it appears on page 5:

> Resolved, that it is expedient to introduce a measure to amend the Excise Tax Act and to provide—

Then it goes on to set out paragraphs 1, 2, 3, 4 and so on. Each of these is a separate resolution and should be dealt with as such. However, we have decided not to do that, so we had better go on and take them together.

Mr. Low: I think I heard you say a moment ago, Mr. Chairman, that you would like to study a little more carefully what was said by the hon. member for Lethbridge.

Mr. Rinfret: On another occasion.

Mr. Low: And perhaps on this occasion as well. I am sure the chairman of the committee is well qualified to look over everything that has been said this evening on this matter of procedure without any help from the Postmaster General. I would like to point out, however, that we are at the resolution stage of the bill. On any resolution preceding a bill or series of bills the thing discussed is the principle involved in the introduction of the bill or series of bills. What we are discussing, therefore, is the principle of the introduction of bills or measures to give effect to the budget proposals. Whether or not it is expedient to bring those in at this time is the principle we are discussing; and I contend that the hon. member for Lethbridge is interpreting the point correctly when he says that the whole principle turns on the word "expedient". That is why we are discussing it. If that were not the principle why have any discussion at all? The question is whether it is wise to introduce measures of this kind into the economy of this country. We are taking the position that it is not expedient; that is, it is not wise or necessary. I contend that if you look over the whole matter as it has been presented to you this evening you will be in a position to render a wise decision.

The Deputy Chairman: From some of the remarks made this evening a certain theory arises which I should like to look into more carefully before giving my own opinion. The hon. member for Vancouver East, however, suggested that we might make better progress if we were to reconsider our decision and study this resolution seriatim instead of as a whole. Of course the committee is the master of its own procedure. Though it came to a certain decision on this point at five o'clock this afternoon it is always open to this committee to reconsider its position and the manner in which it wishes to study a certain resolution, at a later time even the same day. I am in the hands of the committee, but if it should be considered in the light of the discussion we have had for the last two hours that it would be preferable to study this resolution paragraph by paragraph, I am quite willing to hear opinions on the subject.

Mr. Johnston: We are taking longer to discuss matters of procedure than to discuss the resolution itself. I could not hear clearly what you said at all times, Mr. Chairman, but I did notice you reading something out of the rule book. I thought in the vote we had a while ago we decided to throw out all the rules and be subject to the steam roller of the government.

It amazes me how this government gets around things. Whenever they get in a tight spot they always seem able to extricate themselves. I could not help noticing the satisfaction on the faces of both the Minister of Finance and the parliamentary assistant when, in discussing these taxes, they came to the reduction from 30 per cent to 15 per cent in the tax on candy. Of course they did not go on to show the house how this was going to reduce the price of candy, and actually it has not.

An hon. Member: It has.

Mr. Johnston: It certainly has not. Go up to the parliamentary restaurant and buy some candy; you will see whether prices have come down.

An hon. Member: Ten cents a pound.

Mr. Johnston: Why, the chocolate bars were so small already that you could hardly find them in the package. Then they went on to point out that they had taken the tax off cigarette papers, and wasn't that a concession. This thing would be laughable; it would be all right for those on the other side to laugh at the suggestions coming from this side, if it were not such a tragic affair for those who have to exist on meagre incomes. They will have to bear the brunt of the jesting in this house. It is all very well for the Liberal government to say that maybe next year they will be able to alleviate the situation; it is no laughing matter to those trying to eke out an existence on an old age pension of $40 a month, or those on fixed incomes. Or take those who have jobs and are getting perhaps $125, $135 or $150 a month. As the hon. member for Battle River says, a good many of them are getting less than $100 a month. This tax means a great deal to these people.

Mr. Blackmore: It is a weeping matter to them.

Mr. Johnston: I often think one of the best remedies would be to compel members of parliament to live on the incomes these people have to live on, if it were possible to do that. Then it would not require any argument in this house to convince the government that they should go easy on these taxes, particularly as they apply to those in the low and middle income brackets. I am not suggesting that those in the higher income brackets should not pay more in

income tax. I think they should, and I would agree to an increase in the rate of income tax to take the burden off those who must buy the items listed under the Excise Tax Act. But the government has decided not to do that. The only thing I can hope is that when the opportunity presents itself the people will give their answer in the only way at their disposal.

Mr. Fraser: It does not matter how you take this resolution, whether you take it as one or whether you take it item by item; it is pretty hard to take, especially this two per cent increase in the sales tax. They sweeten it up a bit by a reduction in the tax on candy and chocolate bars, but I notice that according to the last item they have to give a little free medicine with it. By that paragraph the sales tax is removed from cortisone and ACTH. I should like to ask the parliamentary assistant whether combination coal and gas or combination coal and electric stoves are taxed. I have some other questions to ask, so he can make a note of them and answer them all at once. What was the total amount raised by the sales tax on cigarettes during 1950? What is the estimated revenue from the sales tax on cigarettes for 1951? What was the total excise tax, apart from sales tax, derived from cigarettes in 1950? What is the estimated revenue from the excise tax on cigarettes for 1951? What will the revenue be from the increased sales tax on cigarettes? What will the total tax be, including sales and excise, under the new rate on a package of twenty cigarettes and a package of twenty-five cigarettes?

Mr. Cruickshank: Mr. Chairman, I believe this is the time for me—

Mr. Fraser: Mr. Chairman, I should like to get the answers to those questions.

Mr. Cruickshank: While the parliamentary assistant is looking them up, I am going to talk.

Mr. Fraser: I think I should have the answers first.

Mr. Sinclair: I am in the chairman's hands, but it has not been the practice to answer everyone as soon as he asks a question. I would be on my feet half the time. I have taken a note of the things about which other members have asked, and I try to answer three or four at a time. So far as combination stoves are concerned, as I explained to the hon. member for Montmagny-L'Islet this afternoon, combinations will be taxed in the same way as they were during the war, on the combination content. If the stove is fifty per cent electrical and fifty per cent coal and wood, then the tax will be assessed on that fifty per cent, and that will be spelled out in the bill.

So far as the sales tax is concerned, as I explained a little earlier, the sales tax records are not kept separately by items. The sales tax is levied on all goods, except those mentioned in schedule III, and there is no sorting out. The excise taxes are separated into the different categories, and we do keep records. So far as cigars, cigarettes and tobacco are concerned, last year the excise tax on cigars was $2·7 million; on cigarettes, $69·4 million, on tobacco, $11·2 million; on raw leaf tobacco, $108,000.

Mr. Fraser: Now, that is the excise tax?

Mr. Sinclair: That is the excise.

Mr. Fraser: All right, what about the sales tax?

Mr. Sinclair: As I explained a little earlier, we do not keep separate categories for the sales tax.

Mr. Fraser: I know, but the minister's department would have a record of the sales tax from the different manufacturing companies.

Mr. Sinclair: The sales tax is reported by the tobacco companies, and is lumped together; the sales tax on cigarettes, cigars, cut plug and smoking tobacco is a single item. There is no division. We could ascertain from the national revenue records the amount of sales tax paid by each of the tobacco manufacturers. Actually, in the Excise Tax Act, there are these separate categories of taxation on cigars, cigarettes and tobacco.

So far as the last question is concerned, the excise tax and duties now imposed on a package of twenty cigarettes amount to 23 cents.

Mr. Fraser: That is at the present time?

Mr. Sinclair: Under the new rate.

Mr. Fraser: Then, on top of that there would be the sales tax?

Mr. Sinclair: The sales tax is on the manufacturers' cost and would not be on the retail selling price.

Mr. Cruickshank: Mr. Chairman, I am glad I have not gone to the Queen city before, because I have learned how to carry on next Tuesday. Apparently, you can talk for forty minutes on expediency, and I shall remember that next Tuesday.

Mr. Blackmore: I am glad I taught it to you.

Mr. Cruickshank: I am glad that Alberta has at last come to the fore, and will help me.

Mr. Blackmore: I shall be glad to answer your insinuation if you will put it plainly.

Mr. Cruickshank: You help me on the pipe lines next Tuesday, and I will help you on expediency tonight. I should like to ask the parliamentary assistant what tax has been collected on margarine since it has been legalized, I shall not say purified, but legalized within Canada? What is the estimated total revenue from margarine during the current fiscal year? Will the parliamentary assistant look up for me—I do not expect him to have all the answers right before him even if he does come from British Columbia —what revenue is going to be gained in total from the increased taxation on cigarettes, including this twenty-five per cent increase in the sales tax? Will he also give me the estimate of the revenue lost if they had increased the liquor tax. I have heard—of course, I might be accused of being wrong and of making irresponsible statements—that we would lose revenue because we would lose our sales to the bootleggers. I have had no experience, Mr. Chairman, with bootleggers, but I should like to know what authority there is for the statement that we would lose. Certainly the experience of the western province in which we have fishermen, loggers and workmen does not bear that out. There, a tax on liquor which would equal the cigarette tax has never proven to diminish the sales. Wherever good money is made—and in the province of British Columbia we pay the highest wages—I defy the parliamentary assistant to substantiate his claim in that connection. I do not think it is correct. I am not going to enter this argument about the tax on refrigerators, stoves, and so on, but I do not believe I can justify to the people of my riding the increased tax on cigarettes without an increased tax on liquor.

Mr. Chairman, I am not a reformer. My province probably has the poorest liquor laws of any province in Canada. I believe it is a sad day, however, when we have to admit that the reason we are not going to tax liquor is because of the diminishing revenue. I was not in favour of another resolution before this house to have sweepstakes, but if we have to depend upon liquor for our revenue I see no reason why we should not have sweepstakes in Canada. I am delighted to see that attention is being paid to Premier Frost. I believe he is the premier of Ontario. If my memory serves me well, the same attention was not paid to previous premiers in that province. Apparently it is because Premier Frost does not agree with a tax on liquor that we must not tax liquor. Well, Premier Frost had better try to run his province as the province of British Columbia is run. As I understand it, there are two provinces that demand this. No, I am wrong about that. I must correct myself. That is a hidden tax that Ontario and Saskatchewan want, as I understand it. The one is a socialist province and the other is a capitalist province of Canada. I understand they want this hidden tax.

I shall have to watch myself or I shall be called to order. If I am called to order, it will be the first time. I do not want to be called to order. I am speaking to expediency now. I just want to go on record definitely as being opposed to the policy of no increased tax on liquor. I do not think the parliamentary assistant has as yet given any reasonable explanation as to why liquor should not be taxed to as great an extent as are cigarettes. Mr. Chairman, may I say that I heard the most charming member we have in this house defending cosmetics. Even if she comes from Hamilton, I think I know as much about cosmetics as she does. I have tasted all the different brands there are. I enjoy it, even in Winnipeg. But I am not going to speak any more with regard to this matter.

As I said, I am going away tonight. I am giving hon. members fair warning, and I hope they have good luck tomorrow night between eight o'clock and nine o'clock when I am not here. I may say that I attended to that matter before I left.

How the government can possibly expect the people of Canada to accept this policy, I do not know, when the only argument they can use is that Premier Frost favours it. Premier Frost must be extremely flattered. I hope he is waiting to meet me tomorrow morning. He must have been extremely flattered to know that just because he wants this liquor money, we are obliged to increase the sales tax by 25 per cent. If they would tax liquor as it should be taxed—and not this 300 per cent that the parliamentary assistant is talking about—and if they would regulate their liquor laws, I do not think he needs to worry for one minute about the people running to moonshine. I will admit that possibly the parliamentary assistant, not having had the experience of living in the province of British Columbia as long as I have, is not familiar with the situation. But the time when moonshine—

Mr. McIlraith: He will get old soon enough.

Mr. Sinclair: I am getting old.

Mr. McIlraith: The parliamentary assistant is just like the hon. member in that respect.

Mr. Cruickshank: If he has to live in Ottawa too long, or as long as some other

parliamentary assistants, no doubt he will. The time when this moonshine liquor became such a great detriment to what you may call legitimate liquor, as even the boys over in the ivory tower will know if they know anything about it, was when rationing was in force—when people were allowed a 12-ounce bottle of liquor a month, and that is all. That is when moonshine was in its heyday. Any man who knows anything about loggers, and I want to apologize to the loggers for mentioning them, or anyone who knows anything about the purchase of liquor when high wages are available to all, knows that that is the time when bootlegging and moonshine came on, and that it was not on account of high taxes.

I have had the privilege of travelling in possibly as many countries of this world as any of these gentlemen who prepared this budget, but there was this difference between us. Most of the travelling I did was at my own expense and not at that of somebody else. I therefore know something about conditions. If a man wants a bottle of liquor, he is going to buy it, and he is going to pay the tax. When conditions are as favourable and people are as prosperous as they are now, it is all poppycock to tell me that they are going to cut down the consumption of liquor because we put on a reasonable tax. Mind you, there is no increase in the tax at all. I do not believe it would be practical, unless you want to prohibit the consumption of liquor, to put a tax of 300 per cent on it or to put such a tax on anything else. But as yet no justification or satisfactory explanation has been given for the failure to increase the tax on liquor. As I say, I am not going to go into the matter of frigidaires, but there are certain items, subject to this 25 per cent increase in tax, which nobody can say are not necessities of life in this day and age.

I do not have to stage any filibuster on expediency tonight, so I shall not take up any more time. But I want to state definitely, Mr. Chairman, why I voted for the budget as of course I did. It was a vote of confidence in this government; and I happen to be a supporter of this government. It is also a matter of expediency. When I look over at the opposite side, how could I possibly do anything else but vote confidence in this budget, as a matter of expediency? But I am not going to try to justify to my riding the fact that no increased tax was put on liquor, as a result of any of the arguments put forth so far in defence of that policy, when at the same time there is this terrific increase in the tax on cigarettes. Cigarettes are the only thing that might possibly be classed more or less as a luxury. Liquor definitely is a luxury.

Mr. Sinclair: The hon. member is going to miss his train if he does not watch out.

Mr. Cruickshank: The parliamentary assistant would be sorry if I did, would he not? May I say that there is a difference between being dumb and being stupid. There is a big difference.

An hon. Member: Which are you?

Mr. Sinclair: I am both.

Mr. Cruickshank: One of my parliamentary assistants says "are you an expert?" Another of my parliamentary assistants says, "both". In order that the matter may be clarified and may be clear to all, I will tell you the difference between being dumb and being stupid. It is a simple matter. If you are dumb and are highly educated, you are stupid. That is the difference.

I will not take up any more time. I know that I cannot change this policy at all. But I wanted my views to be definitely on record. I have not the time tonight, but if I had I would not have Webster, as hon. members opposite have. I would have had Oxford before me, because there is something so responsible and so typical of the definition that I have given that springs from Oxford, that I should like to have had my—what is the word I am trying to find? I have not my Oxford here so I cannot refer to the particular word I want.

In all seriousness, Mr. Chairman, I want to say that I do not think it is anything for the people of Canada to be proud of to say that we, with all the resources we have, with the one and only tax that is fair to all, namely the income tax, cannot make the necessary provision for financing and that we have to do as is being done, for two reasons, namely, because we are afraid that the moonshiner and the bootlegger will flourish or that Premier Frost cannot finance the province that the people of the rest of Canada have carried on their backs ever since confederation.

Mr. Hees: Mr. Chairman, I agree one hundred per cent with what has been said by the hon. member for Fraser Valley. I find it exceedingly hard to understand the explanation made by the parliamentary assistant for not imposing a tax on alcoholic spirits. It seems to be based on an idea that the tax on liquor has reached the point of diminishing return, and that idea seems to be based on a statement made by Premier Frost with regard to the situation in Ontario.

If that is the case, there must be in Ontario some indication that the consumption of liquor or the sale of liquor has been diminished by the latest tax that was applied to it, namely, the one imposed last September. I think that the parliamentary assistant to the Minister of Finance, on investigation, will find that not only did the sale of liquor in Ontario not decrease since the imposition of the last tax in September, 1950, but that it has actually gone up since that time. I can see no indication at all that the tax return from the sale of alcoholic spirits has reached the point of diminishing return. I can see no reason why that tax should not be applied. I would like to hear a fuller explanation from the parliamentary assistant as to how the Department of Finance has arrived at the conclusion that the tax that can be obtained from alcoholic spirits has reached the point of diminishing return.

Mr. Sinclair: I cannot do more than repeat what has been said by the Minister of Finance in this respect. Our tax on liquor is a tax which has never been cut back. During the war it was the first tax to be increased, and increased sharply. In the period since the war we have not cut back the tax on alcoholic liquor at all. The first tax we hit in the baby budget last fall was the tax on liquor, followed by that on corporations. The baby budget was the first of our defence budgets.

The breakdown I put on the record last week gives hon. members some idea of the rate of taxation on liquor. When a bottle of liquor which is sold by a distiller for $1.10—and that includes the profit, and the cost of operation of the plant, and the land tax, and all the ordinary local taxes faced by any manufacturer—retails for $4.25 across the country, bearing in mind the combination of the federal tax and the amount put on by the provincial liquor control board, you have some idea of the very heavy present taxation on liquor.

The fact that Premier Frost made that statement before the budget was brought down serves to confirm the fact that the Department of National Revenue had come to the conclusion that we were getting pretty close to the limit, in terms of taxation on liquor as related to other taxes. Of course that is always the relationship we must keep in mind. The question of the enforcement of the law was one brought up, not just by Premier Frost, but on other occasions by other provincial leaders.

I think some hon. members are confusing the situation as it applies to cigarettes and to liquor. The manufacture of liquor is a comparatively simple operation. When there is too great a disparity between the actual cost of manufacture and the sale price, there is a natural incentive for illegal manufacture. On the other hand there is not the same opportunity for the illegal manufacture of cigarettes. The problem we have to contend with in that instance is the one of smuggling from the United States.

In view of the fact that liquor taxes have never been cut back, were the first to be increased last fall, and the fact that it is the belief of the Department of National Revenue that we were reaching the limit of taxation, so far as revenue from liquor was concerned—even without confirmation from Premier Frost in the Ontario legislature—we decided not to raise the liquor tax at this session.

Then, the hon. member for Fraser Valley referred to margarine. I would say that margarine is one of the few food products we tax. There is a ten per cent sales tax on margarine. Then, the other questions I had anticipated he would ask, the duties on imported edible oils, I shall deal with when we come to the customs tariff item.

The hon. member asked for information showing the revenue produced by the increase in the taxation on cigarettes and tobacco. On cigarettes, in a full year, the increase will add $26 million of revenue, and in the fiscal year 1951-52, $21 million. As hon. members know, receipts lag behind the period on which the tax is imposed. Then, on tobacco in a full year it will be $17 million, and this year $14 million.

Mr. Cruickshank: I have another question.

The Deputy Chairman: The hon. member for Rosetown-Biggar.

Mr. Coldwell: I have listened with a good deal of interest to the statement by the parliamentary assistant that liquor is now bearing a tax sufficiently high. I say to him and to the committee that, in my opinion, if the tax on liquor is high, then the sales tax on the necessities of life, so far as the great masses of the people are concerned, is more oppressive than any tax on liquor could possibly be.

I think the hon. member for Fraser Valley is quite right when he says that those who wish to drink liquor will buy it, no matter what the cost. I believe that was clearly demonstrated during the war, as to some extent he pointed out. I remember being in Edmonton and being told that those who came

in on a Saturday night from the Alaska highway, and wanted to buy a bottle of liquor, were prepared to pay bellboys as high as $40 for a bottle of it.

Consequently I do not follow the argument made by the parliamentary assistant or the minister. Indeed, I would read a description of another budget, which I think would be of interest, and which objects to the increase in the high cost of living:

> Meanwhile, the profiteers escape, the excess profits tax is reduced. No attempt is made to tax the huge fortunes accumulated during the war, and every year it will become more difficult to make an inventory of such fortunes and compel them to contribute to the public revenue. By passing the conscription law parliament declared that every man's life was at the service of the state. Surely if that is right, it is even more certain that every man's fortune should be at the service of the state. Still more is it true that the state should have the right to take at least a share of fortunes accumulated by men out of the very necessities of war, by men who were safe and comfortable at home while young Canadians were suffering and dying in the trenches. The government lets these accumulators of fortunes go free, while it taxes the veteran on his clothing and his boots.

Who said that? Well, here it is—"The Liberal Point of View," June, 1920. And the budget? The Drayton budget of that year. These are current comments on the proceedings of the parliamentary session of 1920, put out by the national Liberal committee, 115 Sparks street, Ottawa; Hon. W. L. Mackenzie King, M.P., Liberal leader.

Mr. Ferguson: Would you mind reading that over again?

Mr. Coldwell: No, I shall not read it over again.

Mr. Ferguson: I am afraid they did not hear it.

Mr. Coldwell: They can read it in *Hansard* tomorrow. It just serves to reinforce the point of view some of us on this side of the house have been expressing in regard to this matter. The budget we are now discussing is a negation of everything the Liberal party preached in the days before 1935. I wish to say, Mr. Chairman, that I think a short time ago you made a very useful suggestion, which the government did not accept, when you proposed that we should take up these budget resolutions clause by clause, instead of dealing with them as we have been doing tonight.

As the hon. member for Vancouver East has pointed out, the manner in which this has been discussed would discredit a meeting of people who had no idea whatsoever of parliamentary procedure. Here we are in the parliament of Canada, with the rules of debate set out in various volumes on the table and in our desks—and we get nowhere.

I think we should try to do, what it was decided this afternoon, in fact, that we would not do, and that is to discuss the proposals now before us, point by point, rather than run all over the lot. Let us decide each thing as we go along; otherwise I am sure we shall get no further tonight than we have gone at the present time.

Mr. Hatfield: I want to protest against the sales tax, and the tax on necessities such as stoves and refrigerators, and other appliances required in an apartment house. I would point out to the parliamentary assistant that last year New Brunswick imposed a provincial sales tax of four per cent and the increase in the dominion sales tax will bring that other tax up to about six per cent. With the wholesaler and retailer markups on the four per cent tax, the retail price of many necessities of life is up about 20 to 25 per cent, in some cases up to 50 per cent. There are tremendous markups, both wholesale and retail, on articles such as drugs.

The parliamentary assistant talked about a bottle of liquor costing the store about $1.10, whereas the consumer had to pay $4 for the same bottle. That is a tremendous profit. Let the provincial governments reduce their profits. A few years ago we thought it was an awful thing for a government to be selling liquor, and I do not think they should today. The four per cent provincial sales tax in New Brunswick brought in a revenue last year of $7,500,000. This increase in the federal sales tax will increase that tax on the people of New Brunswick and I want to protest against it.

Mr. Ferguson: Mr. Chairman, to increase the cost of refrigerators and articles of that kind to the purchaser by increasing the sales tax is in my opinion nothing less than scandalous. The extravagant spending by this government reminds me of a true story I heard some years ago. Two prospectors discovered one of the first producing mines in the Kirkland Lake district. They were brothers and I am sure that any mining men in the house will recognize these men when they hear the story. They sold out their interest to an English syndicate, each man receiving around $200,000. As these brothers admitted to me years later, they were not used to money and they squandered it quite quickly. Each of them bought a Cadillac car; one built a race track near Niagara Falls while the other tried to farm up in the frozen north.

One day the two brothers and another prospector, a co-discoverer of the mine, were proceeding down the main highway from Kirkland Lake in one of the Cadillacs.

The car was well oiled and, according to the brothers, all the men in the car were well oiled. They approached an old farmer carrying two buckets of water. As the Cadillac approached he stood dumbfounded at the side of the road and just as they passed him he threw up the buckets of water and said, "Go to it, you fools".

When I think of the extravagant spending of this government I am reminded of that story of the two prospectors who had so much money that they did not know what to do with it. Unfortunately in the last two elections the people of Canada have been something like this farmer. They have simply thrown up the buckets of water and said, "Go to it". But the day is coming when the farmers and all the voters of Canada will not just throw up buckets of water, they will mark their ballots as a token of the fact that they realize that this government is building houses that are costing hundreds of thousands of dollars too much and is squandering the people's money and actually depriving the public of refrigerators.

I think of the young married man who cannot afford to buy a house and who must move into an apartment. If this man had a home in the country he might have a hole in the ground where he could keep his food from decaying or rotting, but apartment dwellers must of necessity have refrigerators which must be supplied by themselves or by the owner. You cannot run out to the backyard of an apartment and pick up kindling and some firewood. It is not likely they are living over a coal mine like the people in Edmonton, and the result is they must buy electric stoves and electric refrigerators.

Undoubtedly the parliamentary assistant will take all the credit, if there is any credit due, for the raising of these large sums of money which will be necessary if we come to an all-out war. The former minister of finance certainly took all the credit for the financial brains he had behind him, for all the theatrical people and the moving picture celebrities who helped, for the greatest advertising agencies in the world which put on a campaign to raise money for the war. Yet one great almighty man, the minister of finance of that time, stuck out his chest and said, "Look, I did it all with my little hatchet".

The other night the parliamentary assistant made a speech and he waved a piece of paper around trying to explain why his department did this or did that. I believe he certainly would like to take all the credit in the world, if there is any credit due to the government. In my opinion there is not very much credit due.

The government says that they cannot tax liquor. A few moments ago an hon. member mentioned that people had paid bootleggers up to $40 per bottle, and during prohibition days in New York were willing to pay $25. In Toronto, in the King Edward hotel or the Royal York hotel, you find people paying $8, $10 and $15 a bottle. When the legal places of sale and the cocktail bars close, people who want liquor go out and buy it from bootleggers and are ready to absorb the increased price. I believe the man who wants liquor will be prepared to pay a higher price at the legal places of sale. I believe the people who want cigarettes are paying the increased taxation right here in Ottawa.

I think every effort should have been made to keep down the cost of essentials to the home owners and to the home seekers. A fraction of a cent or one or two cents on cigarettes is not a great deal to the individual, but when it is all lumped together a tremendous burden is placed on the people of Canada by this excessive sales tax. There are people who do not want to debauch themselves with liquor or who smoke with moderation, and yet they are having to pay much more for essentials. Liquor is not an essential, it is a luxury.

I cannot conceive how the parliamentary assistant can stand up in this House of Commons and say that they have fully considered the question of increasing the tax on liquor, and yet they placed increased taxes on refrigerators and other essentials. The two things just do not go together. The parliamentary assistant may flourish a piece of paper in the air, but no matter how much he may try to explain what the government has done, I do not think he can successfully explain it to the people of Canada. I am positive that at the next election the voters of Canada will assert themselves in no uncertain terms. They will show that their eyes have now been opened and they will no longer throw up two buckets of water. They will mark their ballots accordingly to express their disapproval of this government.

The Deputy Chairman: Order. It has just been brought to my attention that this afternoon an amendment was moved by the hon. member for Winnipeg North Centre suggesting the imposition of an additional tax on liquor. That amendment has been disposed of. Therefore no similar amendment can be

moved again, and I do not think it is in order to discuss the question of the imposition of a liquor tax again.

Mr. Thatcher: Mr. Chairman, I think I could make quite a case for the retailer tonight but I am afraid it might fall on deaf ears.

Mr. Sinclair: Oh no.

Mr. Thatcher: Therefore I will not make my plea in that direction. There is one thing about this debate that I have rather enjoyed today. Usually the parliamentary assistant has been able to rush his measures through with great rapidity. He has been very capable in doing that. I remember him giving me advice some years ago. He said: You know, if you want to play rough you will get played rough with. I think the parliamentary assistant has had that experience today. He started out to do a pretty fair job this afternoon, and then he tried to get a little rough with my friends to the right of me. I think they have reciprocated in kind this evening by holding up this resolution.

Be that as it may, everybody will agree that the excise taxes on refrigerators, washing machines and stoves are unfortunate. I suppose we need revenue for the war. Nevertheless it seems strange to me that taxes should be imposed on these items and not on oil burners, for instance. It would seem to me that oil burners and coal stokers can be classed as luxuries much more than stoves, refrigerators and washing machines. I do not know whether hon. members realize just what the effect of this tax is going to be. It means that today on these three items we have first of all an excise tax of 15 per cent, and then a sales tax of 10 per cent on top of the excise tax.

Mr. Sinclair: No, no, the same base.

Mr. Thatcher: Then in four provinces I believe we have a provincial tax of 3 or 4 per cent, and on top of that in some cities there is a city tax. That is going to mean that altogether there will be a tax of roughly 30 per cent. I want to tell the house that these taxes are coming at a particularly inopportune time because in the past year the prices of these items have gone up anywhere from 15 to 20 per cent.

An hon. Member: Why?

Mr. Thatcher: The hon. member should have a pretty good idea. To give the house an idea of how the prices of some of these appliances have been affected, nine months ago the price of a 6 cubic foot frigidaire, which is one of the most standard lines in Canada, was $269. Today after the tax it is going to be $345.75. Part of that increase is due to tax and part of it is due to price increase in the commodity since Korea. Another refrigerator, the 7 cubic foot McClary, was $319 at the time of Korea, $349 before the budget, and now it will be $399. A Beatty gas engine washing machine was $179.50 at the time of Korea, $219.50 before the budget, and $235.85 after the budget Therefore I say that the point of consumer resistance has almost been reached. I think the minister is going to find that he will not get $16 million because the prices are so high today that consumers simply will not be able to buy.

Maybe that is what the minister wanted, but I think there are going to be difficulties. Of course the retailer is going to be hurt. Of course the consumer is going to be hurt, and I say that the manufacturer is going to be hurt. Some hon. members may have heard the radio announcement the day after these taxes were made known indicating that the Connor Washing Machine Company in Hull had laid off several hundred men. I took the trouble to write to some of the manufacturers to find out what they thought of these taxes. Of course they are concerned. If the government intends to give them defence work to replace their sales of these appliances then they may be all right, but if the government does not give them defence contracts I think there will be serious unemployment in all these industries.

For the last year I have sat in this house and heard the Minister of Trade and Commerce get up time and again and tell us that there was a terrific shortage of steel, that pretty soon we were not going to be able to get this item or that item. I can tell the Minister of Trade and Commerce and the house that from my experience in the hardware and appliance business nothing is short that I know of. There are lots of these items, and the prices are getting so high that consumers simply cannot buy them.

There is one other matter I should like to draw to the attention of the house so far as these appliances are concerned. As I said a moment ago, the domestic market is being drastically curtailed by rising prices and these taxes. There are going to be many less appliances sold in the coming year. At this very time when the market is being curtailed, United States imports are coming in at a much greater rate than in the past. To illustrate, let me take refrigerators. In the whole of last year $1,500,000 worth of refrigerators came in from the United States, $1,500,000 in twelve months. In January of this year $1,200,000 came in in one month. That means that because the United States manufacturers

are more fortunate in getting steel than our own people they are able to enter the domestic market which is already curtailed. Therefore I say to the minister respectfully that if these taxes are necessary he should at least make sure that the manufacturing companies are given defence contracts or they are going to be in difficulties. The only reason I can think of why the government thinks it is necessary to impose these taxes is that perhaps in the year before the next election we will have another sunshine budget with the government reducing taxes, giving the money back to the people, and then calling another election.

The Deputy Chairman: Shall the resolution carry?

Mr. Knowles: Mr. Chairman, you are an optimist. I should like to say a word about a point which the hon. member for Lake Centre put to the parliamentary assistant in the form of a set of questions. My hope is that the parliamentary assistant will look into that phase of the matter and give us a little more explicit answer on a later occasion. The hon. member for Lake Centre raised the question as to how much the cost of living of an average family—he defined an average family as a family having an income of less than $3,000 a year—would be affected by the increased taxes set out in the Excise Tax Act resolution now before us. I think the parliamentary assistant had difficulty understanding the question at first. When he did get it he was not sure that his department would be able to provide the information.

May I point out, as has been indicated previously in this debate, that before we had the budget debate the house was engaged in a debate on the cost of living. It was suggested to us by the government that debate was inopportune at that time, that we should wait for the budget, that the budget would deal with the problem. That seems to me to suggest that before taxes of this kind were imposed the government should have considered their effect on the cost of living. Maybe the government is prepared to defend that effect, but at least they should have been prepared to tell us what the effect is. The hon. member for Lake Centre referred to the average family as being a family with something less than $3,000 a year. I am afraid the average family in my constituency has considerably less than that to live on during a year.

I do know that the cost of living index is worked out on the basis of what has happened to the cost of a basket of goods and services which in the base period of 1935-39 cost $1,453 a year. As the parliamentary assistant knows, at that time the bureau of statistics took a certain basket of goods and services which added up to that figure. Now they ascertain what those same goods and services cost at today's prices.

This means that each increase of $14.53 per year in the cost of living of an average family means an increase of one point in the cost of living index. The hon. member for Lake Centre did some rough figuring of his own before he spoke tonight, and said he thought the taxes set out in this act would cost the average family around $39 a year. That is the sort of figure I think the Department of Finance should have obtained before it imposed these taxes. If it did not, then it should now obtain it and tell us what the figure is before we vote on this resolution. If the hon. member for Lake Centre is correct and that figure is around $39 a year, or we will say $40 or $45 a year, right there you have the basis for an increase of three points in the cost of living index. It may take a little time for that increase to be reflected in the index issued by the bureau of statistics, but it will be felt by our people right away. If the parliamentary assistant is not able to deal with that phase of the matter tonight I hope he will go into it very fully before we get back to this resolution on another occasion. I have not had a chance to look at the table he said he put on *Hansard* today. Certainly I will look at it when we get *Hansard* tomorrow, but I doubt if that table answers the kind of question put by the hon. member for Lake Centre, and which I am putting in a slightly different form now.

Another comment I wanted to make about the sales tax, which is covered in one paragraph of this resolution, is that it seems to me the parliamentary assistant let the cat out of the bag this afternoon. When complaints about this tax were being made from this side of the house the parliamentary assistant pointed out, as I remember his figures, that there were in Canada some 5,200,000 wage earners, of whom only 2,200,000 pay income tax. His point, and in fact I think he said it quite clearly, was that we need a tax of this kind so that other group of 3,000,000 wage earners would be taxed to help pay the cost of such social services as family allowances and old age pensions.

I wish to draw to the attention of the government two points which respect to that admission by the parliamentary assistant this afternoon. On the one hand it is an admission that these taxes will be borne heavily by people in the lower brackets. The Minister

of Finance tried to make a great deal, during the course of his budget speech, out of the argument that because so many things did not bear the sales tax the people in the lower brackets pay that tax on only a limited percentage of the goods they buy. Well, the parliamentary assistant cannot have it both ways. He cannot say on the one hand that the poor people do not have to pay this tax, and on the other hand that they are applying the tax so the people who do not pay income tax will pay their share of the cost of social services such as old age pensions and family allowances. The fact is that they do have to pay it.

The other point I wish to make is that it seems to me this is practising deception. The government makes a great deal out of the fact that it has certain exemptions with regard to the income tax below which people do not have to pay that tax. I say they would be far better off if there were no sales tax whatsoever, even if the exemptions were lowered, so people would be taxed according to their ability to pay instead of being taxed at these high levels on the necessities of life without regard to their ability to pay. I submit that it is practising deception to say these people are exempt from the payment of income tax and then turn around and impose taxes upon them in this way, which the parliamentary assistant said today was the purpose of this sales tax.

I do not like jumping around in this resolution from paragraph 1 to paragraph 4 to paragraph 7, and so on.

Mr. Abbott: Why not jump around You are easy to follow.

Mr. Knowles: I do not like it because, as was said here earlier this evening, I cannot imagine any group of people in the back woods, getting together for the first time to hold a little meeting, who would discuss their affairs with less attention to parliamentary procedure than this house is showing tonight. Any group of people who got together to discuss a proposition which had eight major sections, three of which were divided into subsections, even if they had never heard of May, or Beauchesne, or Bourinot, or any of the rest of them, would have decided on the basis of common sense to discuss that proposition paragraph by paragraph.

Mr. Macdonnell (Greenwood): But they would not be afraid of a vote on the sales tax.

Mr. Knowles: I think the hon. member for Greenwood is right on the beam there.

Mr. Abbott: My friend can vote against it when the bill is brought in.

[Mr. Knowles.]

Mr. Knowles: The whole point is that the government does not like to have votes on these individual clauses even when, as was the case this afternoon, they can win those votes. Of course this whole absurd practice began back in 1948, when on one occasion they were caught short in the house and lost a vote. However, since this committee has decided by a majority vote to do things in the most absurd way possible I have no option but to obey the will of the committee and jump all over the place.

Now I am going to jump down to resolution No. 4. I want to register my protest, along with others who have spoken today, against this tax being imposed on such basic necessities as electric stoves, electric washing machines, and electric refrigerators. I hope the parliamentary assistant enjoyed reading the editorial in this evening's Ottawa *Journal*, in which he is referred to as Grandfather Sinclair. If he has read the editorial I am sure he blushed at the picture it painted of him when it said that while he is still a young man he would like to suggest to the young people of today that they start life not with the things regarded today as necessities but with the limited conveniences our grandparents had a generation or two ago. Surely if it is the aim of the government to cut down the purchase of things that have a steel content it would have been far better to do it on a rationing basis rather than on the basis of imposing these increased taxes, which have the effect of increasing prices as the hon. member for Moose Jaw has just indicated. On another occasion, as a matter of fact, I will introduce another amendment to this omnibus eight point resolution. My amendment will deal with this paragraph 4. It seems to me that an alternative might be suggested which would be much better than trying to raise $16 million in this way.

Now, Mr. Chairman, I shall just take a moment longer. In keeping with the absurd procedure we are following today, let me jump down to No. 7. This is one that we all welcome. As a matter of fact, one of the reasons that we wanted to follow the sensible practice of taking this resolution up one item at a time is so that we could vote unanimously for some of the ones of which we approve, and at the same time register our opposition to the ones to which we object. With respect to No. 7, I am sure we all welcome the repeal of the sales tax on cortisone and ACTH.

Mr. Wylie: What is the other word?

Mr. Knowles: You will find it spelled out in full in the resolution. Can the parliamentary assistant tell us what the situation is with respect to drugs generally? What

drugs are free from the sales tax, and what drugs or medicines are still subject to the sales tax? A reference was made earlier this evening to the effect of the sales tax on municipalities, and one member who was discussing that matter referred to the fact that hospitals should get some relief from this tax. I was under the impression there was some relief for hospitals, but would the parliamentary assistant spell it out, particularly with respect to drugs and medicines, and also the situation with respect to hospitals?

Mr. Macdonnell (Greenwood): Before the parliamentary assistant answers that, could I ask him to deal with one other thing in connection with item No. 7? It is represented to me that there is another drug called prostigmine, which is a specific remedy for myasthenia gravis. I am informed by competent medical opinion that this drug is somewhat of the same character as these others and is a remedy for a terrible, obscure and otherwise incurable disease. It is very expensive and I am hoping possibly it may be entitled to consideration the same as these other two.

Mr. Sinclair: I can assure the hon. member that it will certainly be given consideration. In matters like this, of course, the department must be largely guided by the advice of the Department of National Health and Welfare.

So far as the question asked by the member for Winnipeg North Centre is concerned, I would point out that schedule III of the Excise Tax Act shows the exemptions from sales tax, and the various drugs and hospital equipment, artificial eyes, limbs and parts thereof are listed. I will put it on *Hansard* if that is desired, but is it the practice to repeat in *Hansard* the things that are in statutes?

Mr. Knowles: What I would like to know is, does the word "drugs" in the way the parliamentary assistant has used it include all drugs and medicines or even a substantial group of medicines?

Mr. Sinclair: It mentions specific medicines and drugs—insulin, radium, which is not a drug, liver extract used exclusively in the treatment of anaemia; articles and materials for the sole use of any bona fide hospital certified to be such by the Department of National Health and Welfare, when purchased in good faith for the use of the said hospital and not for resale.

Mr. Bryce: Is penicillin still taxed?

Mr. Sinclair: Penicillin has the sales tax on it.

Mr. Thatcher: Can the parliamentary assistant state whether a capital gains tax has been considered in lieu of this particular one we are discussing? It seems to me that might bear on the people who could afford it in a little easier manner. If a capital gains tax has been considered, what are the reasons which made the government decide it would not be advisable at this time?

Mr. Sinclair: Naturally, in raising this extra money, every possible avenue of taxation was carefully explored by the budget committee. The United States has a capital gains tax, in the administration of which they have encountered certain problems. In view of their experience and our own system of taxation, it was not thought practical to introduce such a system. We have always regarded the best tax as being a tax on income rather than a tax on capital.

As I pointed out earlier, our whole tax policy is along the lines of the British system rather than the United States system. The British have not got a capital gains tax, although one year they had the income tax rate so high in the upper brackets that in some instances they actually took more in taxes than the person had in income. That was done only once, so far as I know.

Mr. Thatcher: The main reason being cited against it is the fact that it did not work in the United States?

Mr. Sinclair: No, that was one of the reasons. The tax was very carefully considered. It seems to be a popular form of tax to advocate, especially with people who have no capital themselves. Actually, the effect on expansion and improvement of industry in a young and growing country is a matter, considering not only that we are taking 50·6 per cent of the profits and taking them as was pointed out in cash payable immediately, that had to be carefully considered. It did not seem to fit in with our tax program.

While I am on my feet may I express my own regret that when the hon. member was speaking he did not state his views on the charges that have been made by the leader of the C.C.F. that the sales tax is pyramided by people who are retailers. In view of his experience, I am sure he could have been very helpful to us in that respect.

Mr. Coldwell: Does the hon. gentleman deny that sales tax is pyramided?

Mr. Sinclair: We had a very long discussion—

Mr. Coldwell: I was very moderate in my estimate.

Mr. Sinclair: We had a very long discussion on this point in the budget debate last year.

I put the position which I believe is taken by most businessmen in this country, that the markup put on by a wholesaler for his cost of doing business or a retailer for his cost of doing business is not a rule of thumb percentage just slapped on. I suggest that neither the leader of the C.C.F. nor I have had any experience whatever in the actual technique of applying that. It was for that reason I was anxious to hear from the hon. member for Moose Jaw what the actual practice is, whether it is as I think it is that the retailer's markup has a relation to his cost of doing business and is not a rule of thumb thing which he puts on the price to him of the goods, which price includes sales tax. I think we would be very happy, since our knowledge is academic, to have heard from someone with practical experience.

Mr. Coldwell: It is rather unusual to ask individual members of the house to give information which should be forthcoming from the officials of the house.

Mr. Abbott: On business practice.

Mr. Coldwell: I think the minister and his assistant should be able to answer questions of that description as well as any other. Mr. Chairman, it is eleven o'clock.

Resolution stands.

Progress reported.

BUSINESS OF THE HOUSE

Mr. Fournier (Hull): In preparing the outline for tomorrow I had to proceed by a process of elimination. I had in mind that we should take up the estimates of agriculture, but that was not acceptable. I wanted to proceed with the gold bill, but that did not meet with the general wish; neither did the consumers' credit bill. I had to drop the resolution concerning the Judges Act, and the Aeronautics Act. I now have a very limited field. I hope that what I announce will have unanimous approval. Tomorrow we will try to complete the study of the estimates of the Department of Transport. Then there is on the order paper Bill No. 196, respecting the Hamilton harbour commissioners. I know that the hon. member for Hamilton West (Mrs. Fairclough) is anxious to have this bill amended. Then we have the resolution in the name of the Minister of Finance (Mr. Abbott) concerning the Veterans Business and Professional Loans Act. I understand that is to include in the benefits of that act more veterans than those that now have them. Then there is Bill No. 198, to amend the Customs Act.

Mr. Casselman: Is there not anything else on the order paper?

Mr. Fournier (Hull): Oh, yes; but I could not ask hon. members to agree that we should bring those things up tomorrow.

Mr. Coldwell: I was just going to say this, Mr. Speaker. I do not usually make a suggestion of this sort, but we are faced with this situation.

Mr. Fournier (Hull): Suggestions are always welcome.

Mr. Coldwell: There are some 150 members who are going to Toronto tomorrow. A small number of us will be left here. It seems to me that some consideration might be given to closing at six o'clock tomorrow instead of going on until eleven.

Some hon. Members: No.

Mr. Coldwell: What I am thinking of is the fact that there will be so few of us here, inasmuch as there are others who will be going home for the week end. Only a few of us will be left here. I do not think it is fair to those who are left that we should have the responsibility of dealing with these matters; and I do not think it is fair to those who are going away tomorrow to do something which may be of interest not only to them but to the country, that they should be deprived of the opportunity of dealing with these matters. I am just making that suggestion.

Mr. Fournier (Hull): I will make no promise or threat. I shall be guided by the progress we make tomorrow.

Mr. Casselman: Is that not a threat?

Mr. Fournier (Hull): To myself. If we make progress, and by progress I mean if we complete the transport estimates—and we have had four sittings on them now—

Mr. Casselman: Two long and two short.

Mr. Knowles: That sounds like a rural telephone number.

Mr. Fournier (Hull): And if we complete this small bill and the resolution, so that we can bring in this help to veterans, at six o'clock I certainly would consider that suggestion made by the leader of the C.C.F.

Mr. Coldwell: That is quite a large task.

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

HOUSE OF COMMONS

Friday, April 27, 1951

The house met at three o'clock.

IMMIGRATION

REPORT AS TO TREATMENT OF PERSONS COMING TO CANADA FROM EUROPE

Hon. W. E. Harris (Minister of Citizenship and Immigration): Mr. Speaker, I promised the hon. member for Lake Centre (Mr. Diefenbaker) to make a statement concerning comments reported in the Toronto *Telegram*, and supposed to have been made by Mr. John Fisher. Those comments were contained in articles on April 18, 19 and 24.

We have made investigations, and Mr. Fisher has furnished us with a statement which it is understood summarizes his remarks. It indicates that the immigration set-up as he observed it, first at Moncton and later at Montreal, is not geared to consider the tremendous human factor involved. He intimated that there was some delay at Moncton while the medical officer was located; that physical conditions at Moncton were, to use his word, deplorable; that there was a further delay at Montreal, where they arrived after midnight, and that there was lack of personnel familiar with foreign languages to meet incoming immigrants. He ended up his statement with this remark:

> May I report again that no immigrant was beaten, pushed or cowed, but that they were not given that extra welcome which should go to any citizen coming to this land. The very human factors of excitement or emotion were apparently not considered.

The T.C.A. aircraft carrying Mr. Fisher, along with sixteen other returning residents, ten non-immigrants and fourteen immigrants, arrived at Moncton airfield at 8.40 p.m. on April 15. The fourteen immigrants consisted of nine British, three Germans, one Ukrainian, and one Lithuanian. Moncton is an emergency airfield that is used infrequently. There is only one immigration officer on duty, and he completed his immigration examination of the passengers in one hour and twenty-five minutes. This included the medical examination and the time taken to locate the doctor, who of course is not employed on a full-time basis. Hon. members will understand that this was a landing made at Moncton by an aircraft which was ordinarily intended to land in Newfoundland, but could not do so because of weather conditions.

As Mr. Fisher remarked, the building conditions at Moncton for the reception and examination of immigrants are not satisfactory. In this connection I should like to read from a letter which has come to us since from the resident manager of Allied Aviation Service Company at Moncton, in which he says:

> I would like to say here that the immigration officer in charge at Moncton has done all possible in his power to assist in every way the immigrants aboard these international aircraft, and all examinations are carried out in quick but quite efficient manner. It is true that the facilities here are not the best, but a new waiting room is at present being constructed, and when completed should be an asset to this station.

As a result of the report that the complaint was made with respect to the immigration officer at Moncton, Mr. Fisher wired the immigration inspector at the point in the following words:

> Newspaper made bad mistake, because my blast at immigration red tape for immigrants concerned Montreal and not Moncton. Sorry your name erroneously involved. Your statement to paper perfectly correct. Regards.
>
> John Fisher

There was no further examination of passengers on this plane by the immigration service at Dorval, because it had already taken place at Moncton.

With respect to the linguistic qualifications of immigration personnel at Montreal, in addition to English and French they are able to converse in Italian, Swedish, Danish, Norwegian, Estonian, German, Polish, Greek, Arabic, Chinese, Yiddish, Ukrainian, Spanish, and have a working knowledge of Russian and Dutch.

Concerning Mr. Fisher's complaint that the reception of these immigrants lacked warmth, there is no question about the desirability of extending a welcoming hand to new Canadians, and this is being done as far as possible by departmental personnel and voluntary agencies; the Department of Citizenship and Immigration is operating a very useful settlement service for immigrants —not available to immigrants in years gone by. There is, however, a limit to the extent to which provision can be made for services of this kind. This service is available at seaports where time between arrival of vessel and departure of train permits such reception. Hon. members will appreciate why similar arrangements are not feasible at airports,

such as Dorval, or at border ports. The distance between Montreal and Dorval increases the difficulty to voluntary agencies in providing services at Dorval. Furthermore, air passengers are usually anxious to have their immigration and customs examinations completed rapidly so that they may proceed to their destination with as little delay as possible.

Respecting the handling of the particular flight on which Mr. Fisher was a passenger, in accordance with the policy of the department each immigrant was interviewed by an immigration officer to find out if he needed help, assistance or information. This took place while the baggage was being unloaded from the aircraft, and the acting district superintendent of immigration at Montreal reports that the interviews were completed within five minutes.

Examination of prospective immigrants overseas and at Canadian ports of entry is necessary. The first is conducted to reduce the possibility of hardship on the immigrants themselves, which would result from rejection on arrival in Canada. The second is necessary because it is in Canada that landing or entry is granted.

Summed up: Mr. Fisher absolves the immigration officer in charge at Moncton, but says that facilities there are unsatisfactory. As I have said, better facilities are being constructed. Moncton is the point in Canada at which the only immigration examination of the passengers took place. At Dorval the examination of passengers related solely to customs—immigration officers participating only to the extent of offering advice and assistance. None of the customs or immigration officers at Dorval recalls any difficulty during the customs examinations and immigration interviews.

Like Mr. Fisher, I believe that we need more people in this country, and not only are we encouraging immigration but we are also helping and assisting the immigrants in becoming established.

We appreciate any criticism of this kind so that we may make our facilities better and larger.

Mr. Diefenbaker: May I thank the minister for the very full report he has given. I join with him in expressing the hope that these officials will always be courteous and considerate, and will receive immigrants with that welcome which after all is of great importance to those coming to Canada for the first time.

Mr. Coldwell: May I ask the minister a supplementary question? Has he at any time received complaints about Gander in this connection? About three months ago a gentleman who was coming to Canada from London told me of the difficulty experienced by a lady entering the country in making herself understood because the immigration official had an inadequate knowledge of French. This gentleman, whom I know very well, said that he did the translating in order to help out the lady. Has the minister had any complaints of that description?

Mr. Harris (Grey-Bruce): We have had some complaints with respect to the facilities at Gander, and there have been discussions with the Minister of Transport with respect to that. I am quite sure that improvements are being made. I have not had any complaint with respect to language difficulties, because we do our best to provide personnel that is trained as far as possible in the important languages with which we would ordinarily have to deal.

BUTTER AND CHEESE

STATEMENT AS TO POLICY FOR THE COMING YEAR

On the orders of the day:

Right Hon. J. G. Gardiner (Minister of Agriculture): Mr. Speaker, on previous occasions I have indicated that I would make a statement today with regard to policy respecting cheese and butter for the coming year, and I wish to make that statement now.

With respect to cheese, the Ontario Cheese Producers Association has organized the Ontario cheese producers marketing board, under provincial legislation, which is prepared to undertake the marketing of the production of Ontario. The cheese producers have represented that they should receive at least 30 cents a pound for cheese.

It has been decided that it would be advisable that the producers and the trade be encouraged to market their own cheese. The government has agreed to cover the risk of carrying and marketing cheese up to twenty-eight cents a pound by agreeing to have the agricultural prices support board arrange for the taking over of all first grade Canadian cheddar cheese at a price of twenty-eight cents per pound f.o.b. Montreal, plus storage charges from the date of storage to the date of delivery to the board. The board reserves the right to specify the time of delivery, which will be not later than January 1, 1952.

Then with regard to butter, the government has been asked to establish an incentive price under butter for the dairy year 1951-52, beginning May 1, 1951.

The experience of the past two years has convinced us that it is better to maintain a

floor price rather than an incentive price. It would appear that the floor maintained through the year 1949-50 of 58 cents a pound basis No. 1 creamery solids, Montreal, would have proven a reasonable floor to have maintained over a period of years and that incentive to produce would be effective if the time were extended to two years.

It has, therefore, been decided to ask the agricultural prices support board to arrange that the dairy products board of the Department of Agriculture will be prepared throughout the dairy years 1951-52 and 1952-53 to purchase butter at 58 cents a pound basis No. 1 creamery solids Montreal.

The dairy products board will continue the policy throughout that period of distributing butter obtained during the high production summer months through the trade during the low production winter months at prices which are considered fair to the consumer.

The creamery butter carried in storage on April 1, 1946, was 5,400,000 pounds; April 1, 1947, it was 15,400,000 pounds; April 1, 1948, it was 8,400,000 pounds; April 1, 1949, it was 12,700,000 pounds; on April 1, 1950, it was 27,900,000 pounds; and on April 1, 1951, it was 9,900,000 pounds. The increases and decreases during this period were influenced by importation of butter and the manufacture and sale of margarine.

The government has asked the dairy products board to make a survey of the carry-over as of December 1 in each year, and, if it is found that there is not sufficient butter to carry the consumers through to April 1 with a normal carry-over, that the board negotiate with those countries whose butter is admitted to Canada on arrangement at a preferred duty for any amount required to be distributed through the trade on the same price arrangement as Canadian butter.

It is expected that this policy will result in the farmer receiving a fair return throughout his high production summer season and that the consumer will be assured a fair price during the high cost winter season.

Mr. Charlton: Does the minister mean that in case of shortage the dairy products board will purchase butter from the countries in which it is available?

Mr. Gardiner: That is the intention, yes.

OLEOMARGARINE

QUESTION AS TO CUSTOMS DUTIES ON IMPORTS

On the orders of the day:

Mr. H. R. Argue (Assiniboia): I wonder if I might ask the Minister of Agriculture a question related to the announcement of the floor price for butter—which, I might say, I am sure will not meet with the approval of the dairy industry.

Mr. Speaker: Order. The hon. member may ask a question.

Mr. Argue: Can the Minister of Agriculture assure the dairy industry at this time that recent reports in the press to the effect that the tariff on margarine coming into Canada will be removed are incorrect?

Right Hon. J. G. Gardiner (Minister of Agriculture): That is not a matter which comes directly under my department. The matter of granting permission for margarine to come into Canada under any duty rate, or in any manner whatsoever, really comes under customs, and I do not know what the intentions are with respect to amendments there. Amendments of the act that come under the Department of Agriculture have certain provisions which will affect the matter, but the real question is dealt with under customs.

Mr. Argue: Then may I direct my question to the Minister of National Revenue, Mr. Speaker?

Hon. Douglas Abbott (Minister of Finance): There is nothing in my tariff proposals relating to margarine. If my hon. friend had taken the trouble to read them he would have seen that there is nothing there.

Mr. Knowles: We have to take them all at once, after yesterday.

An hon. Member: Read them separately.

IRRIGATION

INQUIRY AS TO COMMENCEMENT OF SOUTH SASKATCHEWAN RIVER PROJECT

On the orders of the day:

Mr. W. Ross Thatcher (Moose Jaw): Mr. Speaker, I should like to direct a question to the Minister of Agriculture, arising out of a report in the last issue of the *Financial Post* to the effect that the South Saskatchewan irrigation project will be commenced this summer. Can the minister state whether that report is correct, and if so, whether construction work will commence this year?

Right Hon. J. G. Gardiner (Minister of Agriculture): Mr. Speaker, I think the question can be best discussed when my estimate on that item is before the house.

BRITISH NORTH AMERICA ACT

AMENDMENTS TO THE CONSTITUTION—CORRESPONDENCE WITH PROVINCES

On the orders of the day:

Mr. J. G. Diefenbaker (Lake Centre): Mr. Speaker, I wish to ask the Prime Minister

whether he will at the earliest possible day, and if possible Monday, table the correspondence between the government of Canada and the governments of the various provinces respecting the matter of the old age pension amendment, and also the question of the indirect tax. According to the press there has been some recent correspondence.

Right Hon. L. S. St. Laurent (Prime Minister): There has been some correspondence. I discussed with the Minister of Justice a couple of days ago the question of tabling what we had. I understood from him that he was in telegraphic or telephonic communication with some of the premiers, and that he preferred to have answers from them rather than table only a part. I can assure the hon. member that we are anxious to place that correspondence before the house.

Mr. Diefenbaker: Because it has been referred to in the press.

Mr. St. Laurent: Yes, but the press frequently scoops the government, you know.

HAMILTON HARBOUR COMMISSION

AMENDMENT AUTHORIZING PURCHASE AND OPERATION OF AN AMUSEMENT PARK

Hon. Lionel Chevrier (Minister of Transport) moved the second reading of Bill No. 196, respecting the Hamilton harbour commissioners.

Mr. Green: Will the minister explain the bill?

Mr. Chevrier: I wonder if I could make the explanation in committee? If there is any objection I will do it now, but I would rather do it in committee.

Motion agreed to, bill read the second time and the house went into committee thereon, Mr. Beaudoin in the chair.

On section 1— *Short title.*

Mr. Chevrier: Early in 1950 the Hamilton harbour commissioners requested the government to amend their present act so that they could conduct amusement, recreational and other facilities on their lands in the city of Hamilton. At that time they forwarded to the Department of Transport a resolution passed by the city of Hamilton asking that the commission's act be amended so that they could take over and administer the filtering basins bathing beach lands, subject to easements for municipal services, and the land to be used as a public bathing beach.

The Hamilton Harbour Commissioners Act was passed in 1912. Under that act they were given the powers that are usually given to similar bodies authorized to operate harbours. I do not think there has been an amendment to the act since, but in view of the fact that there was no authority in the act of 1912 to provide for this particular operation it is necessary to amend the act in order to give the commissioners the required authority. That is what the bill seeks to do.

Bill No. 196 seeks first of all to give to the commissioners powers to conduct amusements, recreation grounds, playgrounds and bathing beaches on certain lands therein set out, and also to borrow money for that purpose. Of course the other provisions of the act will remain in effect. There is also a clause in the bill which extends the provisions of the 1912 act relating to jurisdiction to the present bill. It is a very simple amendment. Similar authority was requested on one other occasion by the Toronto harbour commissioners who some time ago decided they would like to operate certain facilities for recreational purposes. They have done so, and I am told quite profitably. The city of Hamilton seeks the same advantage and facilities. I would think this is a very simple measure which would obtain the consent of the house.

Mr. Green: I understand from the hon. member for Hamilton West (Mrs. Fairclough) that the authorities of the city of Hamilton are very anxious to have an amendment of this type put through. I also understand she has been discussing the bill with the minister, and apparently approves the terms. Therefore the official opposition has no objection to the bill.

Mr. Chevrier: It is true that the city council has requested this amendment. I have a letter to that effect. I also know that both members for Hamilton have evinced a great deal of interest in the bill.

Mr. Coldwell: I presume that the land is now used as a sort of public recreation ground, and possibly there are some bathing beaches open to the public. I notice that the bill authorizes charges to be made by the commissioners for the facilities. Has any opposition to this proposal been brought to the minister's attention, particularly with respect to the charges being made for the facilities? I am not opposing the bill. I ask the question only because I think we should know whether there is any opposition, particularly whether the ground of the opposition is that the charges would deprive persons of the opportunity to use the beaches who are now able to use them free.

Mr. Chevrier: With respect to that, I have no evidence of any opposition. On the contrary I would think this would be a very

excellent thing. So far as the powers are concerned the commissioners have the right to make a charge, but I should think they would use their discretion. If they follow the practice that is followed in Toronto, as I understand they intend to do, then I think it will be operated in the interests of the public with no charge, or only a very nominal charge.

Mr. Coldwell: That is a very satisfactory explanation. I am glad the minister has heard of no opposition to this step. It seems to be acceptable to the citizens of Hamilton, and that was the only interest I had in asking the question.

Section agreed to.

Sections 2 and 3 agreed to.

Bill reported.

Mr. Speaker: When shall this bill be read the third time?

Some hon. Members: Now.

Mr. Knowles: By leave.

Mr. Chevrier moved the third reading of the bill.

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

SUPPLY

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

DEPARTMENT OF TRANSPORT

Prince Edward Island car ferry and terminals—

493. To provide for the payment during the fiscal year 1951-52 to the Canadian National Railway company (hereinafter called the national company) upon applications approved by the Minister of Transport made from time to time by the national company to the Minister of Finance and to be applied by the national company in payment of the deficit (certified by the auditors of the national company) in the operation of the Prince Edward Island car ferry and terminals arising in the calendar year 1951, $1,280,000.

Hon. Lionel Chevrier (Minister of Transport): I think I should explain that some time ago a motion was made to refer three of the votes, 493, 501 and 495, to the committee on railways and shipping. They have been dealt with there and are now returned to the house. I wonder if we could not dispose of them now. Item 493 is the Prince Edward Island car ferry deficit vote; item 495 is the Canadian National (West Indies) Steamships deficit vote, and 501 is the maritime freight rates vote, all of which have been considered by the committee on railways and shipping.

The Deputy Chairman: Is it the pleasure of the committee to carry these three items now—493, 501 and 495?

Items agreed to.

Pensions and other benefits—

503. Railway employees' provident fund—to supplement pension allowances under the provisions of the Intercolonial and Prince Edward Island Railway Employees' Provident Fund Act so as to make the minimum payment during the period January 1, 1951, to March 31, 1952, the sum of $30 per month instead of $20 as fixed by the said act, $14,250.

Mr. Diefenbaker: When discussion on this subject was adjourned on April 13 I had brought to the attention of the minister the whole question of Canadian National Railways pensions. In answering me on that occasion, and following certain questions asked by the hon. member for Winnipeg North Centre, the minister said the matter was receiving the careful consideration of the government. Then he went on to use these words, as reported at page 2036 of *Hansard*:

> I have to say that the government thus far has not been able to recommend or direct the Canadian National Railways to increase the basic pension upwards until such time as the matter of its own civil servants receives similar or adequate consideration. Then there is also the question of other groups that are in the same position as that of the Canadian National pensioners.
>
> Mr. Diefenbaker: Which are they?
>
> Mr. Chevrier: There are other groups affected by inflation. There are a number of them. There are the pilots, other pension groups, the Intercolonial and Prince Edward Island Railway employees, the provident fund group and, as the parliamentary assistant to the Minister of Veterans Affairs says, the old age pensioners themselves. It appears to me that this question cannot be disposed of piecemeal, and that until such time as it is possible to find a solution for the whole problem the government does not feel disposed thus far to direct the Canadian National Railways to deal with a portion only of the problem.

I rise again at this time to bring to the attention of the minister the need of doing something on behalf of the retired employees of the Canadian National Railways, and also on behalf of those who are at present employed and who come within the ambit of the pension system. At the risk of repetition I say the basic rate is $25 per month, which is being received by hundreds of pensioners and which no one today can seriously contend is a fair and reasonable basic pension. That amount was fixed in 1935. Since then the cost of living has increased by almost 100 per cent, and many of the former employees of the Canadian National who are in receipt of that basic pension find themselves unable to carry on. That is also true of those who have retired within the last few years. Among railway employees everywhere across this country there is a demand that the Canadian National Railways do something

about a pension system that is inadequate and ineffective. Something must be done, and without delay.

The answer given by the minister does not meet the situation. There is no reason at all why these pensioned employees of the Canadian National Railways should be placed in the position today of trying to get along on $25 a month. According to reports, over 7,000 former employees receive less than $40 a month, including 1,700 who receive only the basic pension of $25. I realize that an amendment is being considered at the present time, in agreement with the provinces, which will permit the assumption by the dominion of complete responsibility for old age pensions, and making provision for a pension at seventy without a means test. These two plans, the present Canadian National Railways plan and the prospective old age pension scheme, should be worked in together, to render the pension system more equitable.

My second suggestion is that something be done about rewriting the pension fund rules and regulations. As they are now constituted they do not meet the case of many needy individuals. The strict interpretation of the rules with respect to seniority and continuity of employment deny to many a fair and reasonable pension. I point out that these rules are unjust to the railway employees who are veterans of world war I, who joined up immediately upon demobilization in 1918 or 1919. These men are given no credit for the time they were in the armed forces, and as a consequence many are denied the pension to which they would have been entitled had they made contributions for the period during which they were in the armed services. I make an appeal particularly on behalf of those who have been discharged from the service of the Canadian National Railways by reason of their approaching the age when they are required automatically to retire.

There is another aspect of the matter to which I wish now to refer, and I do so with some diffidence. I first called attention to this question in 1947, and throughout the years have contended that the $25 a month is unreasonable and cannot be justified. Today private corporations are setting up pension schemes. I can well understand that when the government decides to bring in an overall pension plan for the retirement of aged people the difficulty will be to bring the national plan in line with those that are now being introduced by private corporations. Recently I was very much disturbed when, having brought this matter up, I received a great deal of correspondence—I mean just that—from railway employees, and also from retired employees who are now living on this meagre pension. In no instance did any one of them say that he did not wish action taken before parliament and everything done that could be done to interest the government in taking the necessary action.

I have here a copy of the record of the debate when I brought the matter to the attention of the minister on July 2, 1947. At that time the minister pointed out the difficulty of doing anything, and gave little or no hope that the basic pension of $300 per year would be increased. After the matter had been brought to the attention of the house again by myself and by the hon. member for Winnipeg North Centre, I was astounded to find the president of the Canadian National Railways placing on the records of the railway committee the very letter that was forwarded to me, and to the hon. member for Winnipeg North Centre, by the chairman of the Order of Railroad Telegraphers. I cannot understand that. I am surprised that the chairman of the order gave permission to the president of the railway to use that letter, which was written to me personally.

Mr. Chevrier: Mr. Chairman, the letter was written not only to the hon. member personally but also to the president of Canadian National Railways, to the hon. member for Winnipeg North Centre, and to me.

Mr. Knowles: No.

Mr. Diefenbaker: No, I have the letter here. Copies were sent to the minister, and the president of the Canadian National Railways, but that letter was directed to Mr. John Diefenbaker, M.P., and then at the right, Mr. Stanley Knowles, M.P., and to no one else. At the end of the letter there is a note that copies were sent to Hon. Lionel Chevrier, Minister of Transport, and Mr. Donald Gordon, president of Canadian National Railways. Surely a letter like that should not have been placed on the records of the railway committee. Since it has been, and since over the years I have advocated the need for something being done for the Canadian National Railways employees, I am going to make a reference to this letter now so that I may be in a position to give my answer to it. With the consent of the committee, instead of reading the letter I should like to put it on *Hansard*, because the minister has a copy of it. Have I the consent of the committee?

The Deputy Chairman: Has the hon. member leave to place the letter on *Hansard*?

Some hon. Members: Agreed.

Mr. Diefenbaker: The letter is as follows:

THE ORDER OF RAILROAD TELEGRAPHERS

Canadian National Railway System Division No. 43

Winnipeg, Man.
April 12, 1951.

Mr. John Diefenbaker, M.P.
House of Commons,
Ottawa, Ontario.

Mr. Stanley Knowles, M.P.
House of Commons,
Ottawa, Ontario.

Gentlemen:

It has come to my attention that you asked some questions of the government in connection with C.N.R. pensions, and I would understand that it is your intention to ask further questions before the special committee, probably next week.

I wish to assure you, on behalf of the C.N.R. employees, that your interest in this matter is very sincerely appreciated, and we know the sincerity of your desire to improve the condition which we know only too well to be very bad indeed.

However, I would like to give you an outline in brief of the situation as it is at the moment.

Through our general chairmen's association we have been trying for some years to effect improvements, but have met with no success or encouragement until quite recently.

At our annual meeting, held in November, 1950, we had the pleasure of having Mr. Donald Gordon, president of the C.N.R., to address a joint meeting of our association and the representatives of the Canadian Brotherhood of Railway Employees. The combined meeting represented practically all organized labour on the C.N.R.

At our request Mr. Gordon spoke on the subject of pensions and told us that he realized that our present pension plan is inadequate and outdated. He promised to set up a committee of railway officers to meet with a corresponding number of representatives of organized labour to undertake to revise the existing rules.

He fulfilled his promise and set up a committee of high ranking officers. We, on our part, selected a committee of labour representatives drawn from the Canadian and international unions.

Negotiations have been carried on by the joint committee in a very co-operative atmosphere, and we have now reached the stage where certain concrete proposals are being considered, and the proposals have just been submitted to actuaries for their report and advice as to the cost to employer and employee of the various plans which are now under consideration.

It is expected to take at least six weeks to get a report from the actuaries, and following the receipt of that report it is intended that we proceed as rapidly as possible to revise the pension rules.

I feel very sure that we are finally on the way to completing a very satisfactory revision of the rules, and that it will not be delayed any longer than is absolutely necessary.

One of our prime objects is to improve the status of those who are now on pension, and we have reached tentative agreement on what can be done to improve their situation, but our plan is dependent to a great degree on the action of the government in regard to the institution of an old age pension at age seventy without a means test, and we earnestly solicit your continued support of that project.

As I said previously, we appreciate your action in asking questions and your interest on behalf of the employees whom we represent. I wished to give you the facts in the matter and to say that I doubt that our interests would be advanced in any way by pressing the government or the railway officers for additional information at the present time.

I fear that pressure exerted now might result in hurried decisions which would not be as satisfactory as those we hope to reach by negotiations now in progress.

It would be appreciated if we could continue the present negotiations to a conclusion along the lines on which we are working.

If the conclusions reached are not satisfactory we will then hope to have the privilege of calling on your good selves and all our other friends in the house for such assistance as is necessary to reach a satisfactory solution of our problem.

In all fairness I cannot do other than say that I believe Mr. Gordon and his officers are doing all that is reasonably possible to co-operate with us in our present efforts, and the fact that this revision has been so long delayed is not the fault of the present administration of the railway.

I should have stated that I was elected to act as spokesman for the committee which was set up by the Canadian and international unions in matters pertaining to the revision of pension rules, so that you may regard this letter as being from the elected representatives of the employees.

Again thanking you for your interest on our behalf, and trusting that you will find it possible to comply with my suggestion that you do not press the matter too much at this time, I am,

Yours very sincerely,

A. A. Hutchinson,

Chairman,
General Chairmen's Association,
Canadian National Railways.

Having placed the letter on *Hansard* I now point out that, in effect, it says negotiations between the railway company and the Order of Railway Telegraphers have started. It says that a tentative arrangement has been discussed, and then this follows:

I fear that pressure exerted now might result in hurried decisions which would not be as satisfactory as those we hope to reach by negotiations now in progress.

I do not know what that means, but if it implies that bringing the matter before parliament on behalf of people who cannot speak in parliament will be detrimental, then I strongly take objection to any such view being expressed.

Finally, it deals with a meeting that took place, and it says this:

It would be appreciated if we could continue the present negotiations to a conclusion along the lines on which we are working.

If the conclusions reached are not satisfactory we will then hope to have the privilege of calling on your good selves and all our other friends in the house for such assistance as is necessary to reach a satisfactory solution of our problem.

In all fairness I cannot do other than say that I believe Mr. Gordon and his officers are doing all that is reasonably possible to co-operate with us in our present efforts, and the fact that this revision has been so long delayed is not the fault of the present administration of the railway.

It is not for me to enter into that discussion. I have no views on that, but I do say that from July, 1947, until November, 1950, nothing has been done to meet the situation of these pensioners who find themselves unable to carry on. The letter concludes:

> Again thanking you for your interest on our behalf, and trusting that you will find it possible to comply with my suggestion that you do not press the matter too much at this time, I am,
>
> Yours very sincerely,

I mention that paragraph, too, Mr. Chairman. I believe in doing everything I can on behalf of Canadian National employees who are, as I believe, unfairly treated, or any other group. When I received that letter, naturally I was impressed by it, and naturally I was only too glad to co-operate. But for the life of me I cannot understand why, having written that letter, the chairman of the order saw fit to allow the president of Canadian National Railways to place it before the railways and shipping committee. That is something I cannot understand, and I leave it there.

In view of the instructions given in that letter, and the publicity that was given to those instructions—it is the first time in my experience in the House of Commons I have ever known of a lobby in reverse—I no longer wish to press this matter. I would be the last one to appear to do anything in parliament that would be detrimental to those who deserve justice in the matter of pensions. I never knew before that anything detrimental could be done to employees who are in any way connected with the government of Canada by having their complaints brought before parliament.

However, having said that, I still press for the need of an immediate revision, and an increase in the basic pension without delay; for I have letters on my desk—as the minister must have—from employees of the Canadian National Railways all over this country who are between sixty-five and seventy and who, because of the fact that they received low wages in positions such as sectionmen, porters and the like, find themselves today, after years of service, in a condition bordering on destitution. Their case deserves attention without regard to whether or not other classes should be considered, as they should, and civil service employees as well. Surely those pensioners of the Canadian National Railways, receiving, as they do, less than any other employees of government—because they are employees of the government—have a proper and just claim to the consideration I have asked on their behalf on this and previous occasions.

[Mr. Diefenbaker.]

To sum up, I ask the minister whether even now, instead of waiting until the old age pension legislation may be brought before parliament—and normally it will not be introduced before next February or March—something can be done to meet the needs of those former employees who are receiving less than $40 a month.

Second, I suggest that the rules and regulations of the pension fund be revised. They have not been revised for years. In 1947 I brought certain clauses to the attention of the minister, but as yet nothing has been done in that regard.

Some of the employees in the lower income brackets who have contributed to the fund would like to make withdrawals for certain needs that are most demanding at the moment. I would appreciate it if the minister would give consideration to allowing those who wish to withdraw their contributions to do so—thereby of course denying themselves the larger pension which they would receive were they to allow those amounts to remain in the pension fund—instead of their being held as they so often are today.

At the expense of reiteration I make this appeal. As one travels across this country one meets former employees of the Canadian National Railways who ask that parliament do something about this matter. They are in the age group of sixty-five to seventy, and, in the face of the rising cost of living, they receive a pension which is inadequate, and which is out of keeping with the services they rendered and the responsibilities they discharged over the years, and also with their standard of living and the maintenance of that standard of living.

Mr. Knowles: The issue before us at the present time is the plight of retired Canadian National Railways employees whose pensions are hopelessly inadequate. I hope that the discussion of this letter, unfortunate though it is that it was tabled by Mr. Gordon, will not take us away from the seriousness of the issue affecting the men concerned. However, since my name has been mentioned in connection with this matter by the hon. member for Lake Centre, and since the letter, bearing, as it does, my name, was put on the record in the railways and shipping committee, I feel that I should say a few words about it.

In passing, I dare to hope that this whole incident in relation to Mr. Hutchinson's letter may turn out to serve the cause well. Certainly it has drawn wider attention than we have had before to the plight of Canadian National Railways pensioners, and it has also served to underline the fact that the problem

has to be dealt with jointly by the management of the Canadian National Railways and by the government. Indeed, the statement of the Minister of Transport, made to me the last time this matter was up on Friday night, April 13, makes it clear that the decision not to do anything to supplement the pensions of Canadian National Railways retired employees in the lower brackets has been made by the government. The minister said quite clearly that thus far the government had not seen fit either to instruct or to direct the Canadian National Railways to make an increase in the basic pension.

I want to come back to that in a few moments, but before I do I must say a few words about Mr. Hutchinson's letter, and about some other letters that I have received since his letter of April 12, which Mr. Gordon put upon the record in the committee. I want to say that I have no desire to take issue with Mr. Hutchinson's letter, nor do I wish to come in between Mr. Hutchinson and other members of the general chairmen's association or other labour leaders interested in this matter.

Mr. Diefenbaker: Neither do I.

Mr. Knowles: Therefore I shall make my remarks as carefully guarded as I can. I must say, however, that though I recognize Mr. Hutchinson's right to write to us the kind of letter that he did, though I have no quarrel with his making to us on his own behalf the suggestions he made, I too was surprised that the president of the Canadian National Railways should produce a copy of the letter which had been sent to him and place it on the record in the railways and shipping committee. Since he did that, attention should be called to the fact that although Mr. Hutchinson preferred that we leave to his committee and to the management of the railway the working out together of changes in the basic Canadian National Railways pension fund, he was anxious that we continue to do our best to get some sort of relief for those now retired, those now having a difficult time to get along on very inadequate allowances. I refer in particular to the paragraph in which he says:

> One of our prime objects is to improve the status of those who are now on pension, and we have reached tentative agreement on what can be done to improve their situation, but our plan is dependent to a great degree on the action of the government in regard to the institution of an old age pension at age seventy without a means test, and we earnestly solicit your continued support of that project.

In other words, despite some of the suggestions contained in Mr. Hutchinson's letter, there is in it his plea that we keep on working to try to get some improvements in the position of those now retired.

I answered Mr. Hutchinson's letter on April 17. I shall not weary the house by reading the whole of the letter, but I should like to put a sentence or two on record, where I said:

> I note your desire that we continue our efforts on behalf of this group already retired. You can count on it that I will do so. I dare to hope that Mr. Chevrier won't use the copy of your letter which you sent to him to try to dissuade me from this effort. That would be unfortunate, but if he does, I can of course point out to him that you have earnestly solicited our support on behalf of this group. Indeed many other letters we receive stress the urgency of our doing so.

As I say, I wrote to Mr. Hutchinson rather fully and in friendly terms. I am pleased to say I have had a further letter from him, written on April 20, the tone of which strikes me as somewhat different from the tone of his letter of April 12. It is a lengthy letter, and I have no intention of reading it all or placing it all on the record. However there are two or three paragraphs I should like to read. This is from Mr. Hutchinson's letter to me on April 20:

> Our most urgent wish is to do something for those who are now in retirement on inadequate pensions and with this in mind we did everything we could to get the C.N.R. to agree to a cost of living bonus for these people.

Then, later on, having indicated to me that their committee is not making much progress with respect to the plight of those already retired, he said:

> Since that time we have been working on other plans to try to arrive at some relief but have not yet been able to get anything satisfactory done.
>
> We are still working and hoping that we can do something, but the plan we have in mind is dependent on the passage of legislation authorizing a forty dollar per month old age pension at seventy without a means test.
>
> At the present time we are tied up awaiting that legislation.
>
> May I suggest that if it were possible to have the government reconsider their position in regard to cost of living bonus payments to civil servants it would open the way for a renewal of our claim.

I sent Mr. Hutchinson copies of *Hansard* of April 10 and April 13 when these matters were up for discussion. I had drawn his attention particularly to what the Minister of Transport had said as reported at page 2036 of *Hansard* for April 13, when he indicated to me that the case of retired C.N.R. employees stood on the same plane as that of superannuated civil servants.

And so now I have this further letter from Mr. Hutchinson stressing the plight in which retired C.N.R. pensioners still find themselves, and urging that we do something to relieve their situation. He suggests in particular that we work hard to get rid of

the means test from the old age pension, and to get something done for superannuated civil servants so that that road block will be out of the way so far as C.N.R. pensioners are concerned.

In addition to the further letter from Mr. Hutchinson, which, I submit, sets aside any suggestion made by Mr. Gordon on the basis of the previous letter to the effect that we should not press this matter on the floor of parliament, I have had communications and messages from many others interested in this matter. In many instances they have been from ordinary individuals, retired on low C.N.R. pensions. Each one who has written me has urged that we keep up the battle. In addition I have had telephone communications from a brother general chairman of Mr. Hutchinson. He, too, was not quarrelling with what Mr. Hutchinson had done. He felt it was unfortunate Mr. Gordon had placed the letter on record; but he said that, as another member of the committee of which Mr. Hutchinson is a member, his view was that we had to keep fighting this matter out in the open, on the floor of parliament, if we were to get anywhere with it.

In addition, a few days ago I received a letter from Mr. J. E. McGuire, national secretary-treasurer of the Canadian brotherhood of railway employees and other transport workers. It is a lengthy letter, the whole of which I shall not put on *Hansard*. However, I shall read the closing paragraph, which says:

> So far as we are concerned we are most grateful to you and to the other members of parliament who have taken an active interest in this very important matter, because we believe that the time is long overdue when improvements should have been effected in the pensions now being paid to persons who have been retired from railway service, and I hope that you will continue your efforts along these lines.
>
> Yours very truly,
>
> J. E. McGuire,
> National Secretary-Treasurer

So it all adds up to the fact, as I said earlier, that perhaps it is a good thing that the letter to the hon. member for Lake Centre and to me was placed on the record by Mr. Gordon, because now we have this additional plea from Mr. Hutchinson himself, in his further letter to me, and the reaction of others who are interested. They are all backing us up and asking us to try to get this government to do something with respect to C.N.R. pensioners who are now retired.

It comes to my mind at this moment that the hon. member for Lake Centre gave one figure which I believe should be corrected. I realize he was speaking from memory, but he did refer to the number who were receiving only $25 a month. I though I heard him give that number as 1,800.

Mr. Diefenbaker: It was 1,700.

Mr. Knowles: No; the figure is 3,256.

Mr. Diefenbaker: I am always conservative.

Mr. Knowles: That many are receiving $25 a month. His other figure was correct, when he said that over 7,000 were receiving pensions of less than $40 a month.

On Friday, April 13, when this matter was under discussion, we did at least get a statement from the Minister of Transport, when he said:

> I have to say that the government thus far has not been able to recommend or direct the Canadian National Railways to increase the basic pension upwards until such time as the matter of its own civil servants receives similar or adequate consideration.

And then later he said:

> It appears to me that this question cannot be disposed of piecemeal, and that until such time as it is possible to find a solution for the whole problem the government does not feel disposed thus far to direct the Canadian National Railways to deal with a portion only of the problem.

Later, when I said that I took it from what he said that their case stood on the same plane as that of the superannuated civil servants and others in similar situations, the Minister of Transport replied, "That is right."

In other words, we now have it clear that the government recognizes the problem. It recognizes it in the case of retired Canadian National Railways employees, and recognizes it in the case of other groups to whom the minister referred. Well, that is a step in the right direction. If the problem is being recognized by the government, perhaps one of these times we will get them to do something about it. "But," says the Minister of Transport, "we cannot deal with it piecemeal." Let me point out that the government does deal with problems of this nature in a piecemeal fashion. I cannot discuss it at this time, but there is on the order paper a resolution to amend the Judges Act, and one of the purposes of that amendment, according to the resolution, is to improve the pension of judges and the widows of judges. That is a piecemeal approach to the problem. I have looked through the estimates and I find that the lowest pension paid to any judge or the widow of any judge at the present time is $1,111 a year. But in talking about railway pensioners we are dealing with the plight of over 3,000 persons whose pensions are only $300 a year.

I submit if it is possible for the government to deal piecemeal with the plight of the

widows of judges or of judges whose pensions of $1,111 or more a year are too low, it is possible also to deal piecemeal with this problem. I never heard the government announce before such a perfectionist policy—this idea that it cannot touch a part of a problem until it deals with the whole problem. If the government waited in that way to deal with all the problems facing the country it would never make a move of any kind. Surely the way to grapple with the problem is to start somewhere. I submit that here is a deserving group of employees of a government-owned railway, where a start could be made. I go further. I remind the government that it has set a precedent. The fact that there is that precedent is to be found in the terms of the item we are now discussing. The item we are now discussing provides for the payment of a sum of money into the Intercolonial and Prince Edward Island railway employees' provident fund. What for? It is done to make it possible to make the minimum pension to retired employees covered by that fund, not $20 per month as the act of 1907 still specifies, but $30. I checked today and I find that figure of $20 per month was in the original act of 1907. Some years ago this practice was started of paying into the fund moneys provided by a special vote which would make sure that no recipient of a pension out of that fund would get less than $30 per month.

In addition to the estimates that deal with this matter, I have before me the annual report for the Department of Transport for the year ending March 31, 1950, and I find on page 101 Appendix 6(f) which sets out receipts and expenditures of the Intercolonial and Prince Edward Island railway employees' provident fund. Among the receipts is an amount of $15,790.61 which was put in there so as to increase the retirement allowance to all retired employees receiving less than $30 per month to a figure equal to that amount.

This is one of those interesting balance sheets or accounts that starts with receipts nil, and then shows receipts totalling something over $3 million; then the expenditures are the same amount, and at the end of the year the balance to the credit of the fund is nil. In other words, the necessary amounts are put in both by the railways and by the government so that these retired employees will get a certain minimum pension. There is the precedent, although I have not been able to find out in what year this practice started, of putting in a special supplementary amount so as to bring the statutory minimum up from $20 to $30 per month.

But there was a piecemeal attack on the problem. It was an attack on a problem within the realm of retired railway workers. If it was possible to bring in a vote to assist that fund in order to pay the retired employees covered by it, not a minimum of $20 but a minimum of $30 per month, surely it is possible to bring in a similar vote to pay the employees of the Canadian National Railways generally who have a minimum of $25 per month a much higher minimum than that amount—double that figure, in any event.

Perhaps I should let the minister have something to say about this. It is perfectly all right with me if he wants to comment one way or another on the action of Mr. Gordon with regard to that letter.

Mr. Fulton: The minister was there when it was put into the record.

Mr. Knowles: If by any chance a covering letter was sent to the minister by Mr. Hutchinson, that should be put on the record along with the letter itself. I do not know if there was, but if so it is only fair that the covering letter to the minister and the covering letter to the president should also be on the record.

As I said in my opening remarks, the hon. member for Lake Centre and I naturally are concerned about what happened with respect to that letter. But we are not disturbed about it because it is quite clear that we have to fight these matters on the floor of parliament, or nothing is done for these groups of people. We have a request to do so from Mr. Hutchinson, from Mr. McGuire, and from scores of individuals. The important question is the plight of these men and I hope the minister will not get involved in any discussion about this letter and get away from the basic issue itself.

Let him not say that the problem cannot be attacked piecemeal. The government is attacking it piecemeal, and I have referred to two examples in particular, judges' widows and the item that is before us.

I want to say to the government that some time or another the problem of people on fixed pensions will have to be faced and dealt with more realistically than it has been thus far. We seem always to be arguing the plight of people now on pension and some members seem to have the notion, and I think the government has the notion, that it is a temporary problem, that if they can just wait a while these people will die off and the others who come along and go on pension will be on a higher rate as provided by the various pension schemes that have been put in effect in more recent years.

The plain fact of the matter is that when people who are working today in the anticipation of higher pensions in their years of retirement reach those years of retirement their pensions will not be worth as much as they now think they are going to be. In other words, it is a recurring problem. Every generation of pensioners, whether they be Canadian National pensioners, superannuated civil servants or what have you, will face the same problem of the inadequacy of fixed pensions in view of the story across the years of prices continuing to rise. Sometimes prices rise rather violently in a short period, but over the years they rise steadily and the value of a fixed income or fixed pension is forever going down.

I submit to the government that they are not going to sidestep this problem by simply waiting until people whose plight we are now pleading die off because there will be another generation of pensioners. If not immediately when they go on pension, certainly shortly thereafter they will find that what they are getting is hopelessly inadequate. At some point along the way some sort of an adjustable basis will have to be found. In so far as the Minister of Transport is concerned I submit that as these people come under his jurisdiction he can render a real service, not only to those persons retired on C.N.R. pensions but also to all C.N.R. workers whose pension days are ahead, and to people generally, if he would find a formula or establish a precedent for dealing with the plight of these people by providing a cost of living bonus or a supplement to these people. Let it be an amount sufficient to sustain life in decency and dignity.

Mr. Chevrier: Mr. Chairman, perhaps I might be allowed two minutes to reply generally to what the two hon. gentlemen have said in connection with this subject matter. First of all, let me tell the hon. member for Winnipeg North Centre that I have never seen him so vehement in his attitude toward this question as he is today. Perhaps that is due to the fact that he does not like the letter which was sent to him and which was placed on the record by the president of the Canadian National Railways.

Mr. Knowles: No, Mr. Chairman, I stated quite clearly that I had no objection to the letter, but the minister is right when he says that I did not like the action of the president in placing it on the record, especially when the two people to whom it was addressed were not members of the committee.

Mr. Chevrier: I shall deal with that in a moment, but I think I am quite correct in assuming that my friend does not like the letter he received from the chairman of the brotherhood. As I said a moment ago, I have never seen him so exercised. During the course of this discussion he has acted as if he had a chip on his shoulder.

When the motion was moved to appoint the committee on railways and shipping the hon. member said that now we would have the opportunity of discussing pensions to retired employees of the Canadian National Railways and that we would not be stopped from dealing with this matter. The committee is established, discussion takes place, the letter is put on the record; my hon. friend is angry, he does not like the letter, he does not like what has happened and he comes back here to the house and we have a repetition of everything that took place during the earlier debate. So that in essence we have a greater debate on these items as well as consideration in the committee with reference to this subject matter than we have ever had at least since I have been dealing with the estimates of the Department of Transport.

Mr. Knowles: That is all to the good.

Mr. Chevrier: I do not say that it is not, but let my hon. friend not complain that he has not had every opportunity, or that the committee was not given an opportunity, to discuss this matter. Let me deal now with the terrible attitude of the president of Canadian National Railways who, without the consent of either the hon. member for Lake Centre or the hon. member for Winnipeg North Centre, dares to put this letter on the record. If my recollection serves me right, the president of Canadian National Railways before putting the letter on the record stated to the chairman of the committee that he had the permission of Mr. Hutchinson to do so, and that Mr. Hutchinson had indicated to him that he would not have the slightest objection if the president saw fit to put the letter on the record. He did put it on the record, and what does it say? I should like to quote some of the things that were not quoted by the two hon. gentlemen. It says this:

> At our annual meeting, held in November, 1950, we had the pleasure of having Mr. Donald Gordon, president of the C.N.R., to address a joint meeting of our association and the representatives of the Canadian brotherhood of railway employees. The combined meeting represented practically all organized labour on the C.N.R. At our request—

I would ask the two hon. gentlemen to listen to this.

> —Mr. Gordon spoke on the subject of pensions and told us that he realized that our present pension plan is inadequate and outdated. He promised to set up a committee of railway officers to meet with a corresponding number of representatives

of organized labour to undertake to revise the existing rules. He fulfilled his promise and set up a committee of high ranking officers. We, on our part, selected a committee of labour representatives drawn from the Canadian and international unions.

Negotiations have been carried on by the joint committee in a very co-operative atmosphere and we have now reached the stage where certain concrete proposals are being considered, and the proposals have just been submitted to actuaries for their report and advice as to the cost to employer and employee of the various plans which are now under consideration.

I can see no objection, and I certainly cannot accept the great protests of the two hon. gentlemen in so far as the president of Canadian National Railways is concerned about his putting on the record the parts of the letter which I have read and the rest of it. Certainly there is nothing offensive in that. If there had been I am sure the representatives of the party of the hon. member for Winnipeg North Centre, and the representatives of the party to which the hon. member for Lake Centre belongs, would have objected to it, because I must say they are able members of the committee. They saw no objection to placing the letter on the record and as a matter of fact it did not stop the discussion a particle. It only encouraged it.

Mr. Knowles: Hear, hear.

Mr. Chevrier: My hon. friends who protest that this matter has not been brought to the attention of the responsible authorities certainly are mistaken in that view because that is not so. I am afraid I must disagree with the hon. member for Winnipeg North Centre when he says that this is a matter for the government and the C.N.R. to decide. This is first and foremost a matter for Canadian National Railways and its employees to decide, and that is exactly what Mr. Hutchinson says. That is exactly as it should be, because parliament has authorized the Canadian National Railways management to deal with problems such as this.

But if it turns out that they are unable to deal with their employees and they make representations to the government with reference to the matters to which my hon. friends have referred, then I think it is not only the duty but the responsibility of the government to decide whether or not it will revise upwards or take no action with reference to this problem. Therefore I say, putting it in its proper light, that this is a matter which is now under discussion between the authorities of the Canadian National Railways and its employees. It is being given careful consideration by a joint committee of the employees and the officers. I think, as the letter states, we should at least give the committee a chance to see what it is possible to do. If they are not successful in dealing with it, then I think it will be the responsibility of the government if Canadian National Railways should decide to recommend to the government a plan upon which both will have agreed, or an alternative plan in case both cannot agree. Beyond what I have already said on a former occasion and what I am saying now I cannot go, and it would strike me that the house has had a full opportunity to deal with the matter.

Mr. Knowles: I want to thank the minister for his compliment in suggesting that I was a bit vehement, and that I was exercised about this matter. I try to maintain composure in this house, but when I feel that anything is being done that might inhibit progress with respect to these retired C.N.R. employees I do get exercised. So far as this letter is concerned, I am afraid the minister did not listen to everything that I said. In my earlier remarks I pointed out that I felt it could turn out to good effect by producing greater discussion of the whole question. It has done that, and so far as I am concerned, the matter of the letter can rest there.

I was disappointed that the minister chose to deal with the letter, but not with the real question. I went to great pains when I first started my remarks to express the hope that we would not get off the track, but the minister took the first opportunity to do just that. Let me try to bring him back. There are two aspects of the pension problem of Canadian National Railways employees. On the one hand there is the question of whether or not changes can be made in the plans now in existence for those employees still at work. It is stated by the minister that in his view it is preferable that any changes in these plans be worked out between the company and the employees. That is one aspect of the matter.

The other aspect of the matter is the case of C.N.R. men who are now retired and on pension. For the purpose of getting the matter clear, let us get some forthright answers from the minister today dealing only with that group. Let us not discuss the other matter today. In other words, let us discuss the case of the 7,000 or more employees now retired on pensions of less than $40 per month, and the 3,000 or more employees now retired on pensions of $25 a month. I should like to know whether the president of Canadian National Railways has asked the government to agree

to the paying of a supplement to the pensions paid to those in the lower brackets. Is the minister prepared to answer that question now?

Mr. Chevrier: Yes. My recollection is that there have been some discussions between the president of Canadian National Railways and myself, but there were no direct representations in so far as the government was concerned.

Mr. Knowles: Then, Mr. Chairman, may we take it that the minister's answer to the president of Canadian National Railways, when he discussed the matter with the minister, was in effect the same answer he gave us as recorded at page 2036 of *Hansard* for April 13 when he said that the matter could not be dealt with piecemeal but that the case of retired C.N.R. employees would have to wait until something was done about other groups in a similar situation.

Mr. Chevrier: Mr. Chairman, I do not think I am under any obligation to discuss any conversations I have had with the president of the Canadian National Railways. Neither am I under cross-examination on my estimates. I think all I am called upon to do is to give what information I have. I have said that I have had several discussions with the president of Canadian National Railways in connection with this matter. As a matter of fact, they were with the former president and the present president. Beyond that I am not prepared to go.

Mr. Knowles: There we are. We are getting a pretty clear picture. We have narrowed the discussion to the plight of those now retired. It is now clear that the former president of the Canadian National Railways and the present president have taken up this matter with the government. That means the railway company cannot do anything about these men by themselves; they have to deal with the government. The minister will not tell us what he said to the two presidents, but the minister tells us—and I have already quoted his statement from *Hansard*—that the government does not feel prepared to instruct or direct the Canadian National Railways to improve the position of these people until something is done about other people in similar circumstances.

The statement of the minister is that this matter cannot be dealt with piecemeal. In other words it is clear that it is the government that has said no to doing anything to improve the position of these people. I am absolutely certain from the correspondence that I have had, some of which I have referred to today—although only in part—

that the leaders of the unions who are dealing with the company on this matter know that whatever progress they may be making in getting the general plan overhauled, they are licked so far as the case of the retired men is concerned until we can get the government to do something. It is here in parliament where the battle has to be fought. Even Mr. Hutchinson—although I was not going to mention that letter any more—is asking us to keep up the battle for the retired men on the floor of this house. He knows that until we get the government to do something, nothing is going to be done, that Mr. Donald Gordon is helpless until he gets the green light from this government. If the best answer we can get in public is that their case is on the same plane as that of the superannuated civil servants and other groups, I can only assume that this is what has been told to Mr. Donald Gordon. But I am making my plea, and I will continue to make it session after session, until something is done. I ask that the government make a start on this terrible problem which weighs so heavily in human terms upon so many of our good citizens, this problem of people called upon to exist on pensions or retirement allowances which might have seemed like decent amounts when they were first thought of years ago but which are utterly inadequate today.

Mr. Fulton: Some reference has been made to what took place in the sessional committee on government-owned railways. I should like to refer to one part of the discussion, when the president of the Canadian National Railways was before us. This has particular reference to that part of the field the hon. member for Winnipeg North Centre just said he would like to take up specifically; that is, the position of the Canadian National Railways employee who has already retired. The printed record of the proceedings of the committee is not yet available, but my recollection is quite clear because I directed a certain set of questions to Mr. Gordon with a view to establishing whether or not these employees who have already retired are in the position that any adjustment of the Canadian National Railways pension plan is dependent on the working out and eventual implementation of an over-all contributory old age pension at age 70 without a means test. The answer of the president of the Canadian National Railways, in so far as he felt himself able to answer that question at that time, was that this was the case, that no definite decision or program regarding the retired employees receiving less than $40 a month could be worked out by the Canadian National, the employees association and the

pensioners association, until there was a general determination of this matter of a national contributory old age pension without a means test.

It did not seem very useful to follow up that matter with close questioning in the committee, because the Minister of National Health and Welfare was not a member or a witness before the committee; obviously Mr. Gordon could not state government policy, and I did not feel it altogether proper at that moment to ask the Minister of Transport to declare government policy in that regard, when he was attending as a member of that sessional committee. However, I do feel it proper to refer to that passage between myself and Mr. Gordon on this occasion, and to ask the minister whether he or any of his colleagues in the cabinet are now in a position to elaborate on that statement. Is he in a position to elaborate on the general question, to let us know how much longer these retired employees receiving less than $40 a month may have to wait before their case is settled, and also let us know whether the whole new pension scheme which the president of the C.N.R. told us the company was trying to work out with its employees will depend on a satisfactory solution of that one particular branch? Is that what is meant when the government now says they cannot deal with this matter piecemeal; do they mean that the whole thing has to wait until the national contributory old age pension plan is worked out and implemented, or do they not? If they do, then how long will it be before the retired employees of the Canadian National Railways will have an adjustment in their pension?

Mr. Chevrier: In reply to the first part of my hon. friend's statement let me say simply that the president of the Canadian National Railways declared that the committee referred to in the letter is dealing with this problem. I have no intention of saying anything as far as that is concerned until I have had some report at least from the president of the Canadian National. As far as the other part of my hon. friend's statement or question is concerned, that is as to the attitude of the government, I put on record the other evening what that was, and I have no intention of adding to or taking away from that statement.

Mr. Fulton: In other words, we are to have no further information; is that it?

Mr. Chevrier: I am not in a position to give my hon. friend any information other than that he already has.

Mr. MacInnis: I have not been in the house for the last hour or so, and consequently I do not know what has been said already on this subject. I have no doubt, however, that the case for the superannuated railway employees has been put forward with considerable force and ability. I have had communications from pensioned C.N.R. employees in every part of this dominion; in Nova Scotia, in central Canada, that is Toronto and Montreal, in the western provinces, and particularly in my own province of British Columbia. There is not the slightest doubt—and I think there is not a member of the house who will not agree—that many of the superannuated employees of the Canadian National Railways are living under deplorable conditions. That is a fact which I am sure no one in this house would challenge. The question that confronts us here as members of parliament is what we are going to do to help those people who are now living in semi-starvation because of conditions over which they have no control. If this government cannot affect the cost of living, it must be apparent to all that the superannuated employees of the Canadian National Railways, retired civil servants, or any other pensioners cannot prevent their pension, small as it was in the beginning, from dwindling to about half what it was ten years ago. Now, that is the question that is confronting us. The question I ask this government is, are we going to do anything about it? Remember we have dealt with pensions in this house, pensions which in comparison to those we are now discussing provide a luxurious standard of living to those who were getting them. We have increased them. There is now a bill on the order paper to increase them again. Will any member of the government say that the employees of Canada's own railway, who have given faithful service not only to the railway but to Canada, should, in their old age, be allowed to starve?

That is the situation now confronting us. What are we going to do about it? I think that every member in this house should state his own position in this matter, because it has reached a stage where it is a scandal, where it is a reproach to us as a nation. I have not any illusion that I have been chosen to be communicated with by those organizations, or that the hon. member for Winnipeg North Centre or the hon. member for Lake Centre have been selected to receive those letters. I am sure I would be surprised if there is a private member in this house representing an urban centre who has not had communications of this kind. I would be interested in knowing how the supporters of the government have replied to those communications.

I have one letter here. I am very careful about replying to letters of this kind. I do not put myself out on a limb as to what I am going to do or what I am going to try to get. I do try to show them the picture as it is. I have a letter which happens to be in my file, which is a reply to a mimeographed letter signed by James Downs, 62 Bristol avenue, Toronto, representing the Canadian National Railways Veterans Association in that city. It is dated April 12, 1951, and I suppose that every member from the city of Toronto received one as well as every member representing an urban constituency. I replied to the letter as follows:

Dear Mr. Downs:

This will acknowledge receipt of your letter of April 12, in which you give me an outline of the Canadian National Railways employees' retirement pensions.

I have had similar communications from organizations in several parts of Canada and more particularly of my own city of Vancouver. The situation of the Canadian National railway pensioners has already been discussed in the house, and it will be discussed in the special parliamentary committee on government-owned railways and other transportation systems. I do not know, of course, what action will be taken in the committee, but I am sure that the question will again be discussed during the session.

I can assure you of my full support for increased pensions.

So far as I have any support to give, I am giving that support now. But I can do nothing. Other private members of this house can do nothing until such time as the government will act in this matter. I implore the government to consider the plight of these men who, in their old age when they should have some of the comforts that we boast are the heritage of Canadians, when we assert that we have the highest standard of living in the world, are left with these meagre pensions. It is true some people in this country have a high standard of living, but those people do not include the majority of the pensioners of the Canadian National Railways. I would ask the Minister of Transport, therefore, to again take up this matter with his colleagues, and before the session ends to come before this house with some proposal to alleviate the conditions under which these people have to live.

Mr. Bryce: Mr. Chairman, I want to say a word in support of the previous speaker. I am not going to take much time because the member for Vancouver East has said most of the things I intended to say. Many of these pensioners live in my constituency in St. James and West Kildonan. I know these men because thirty years ago I was working alongside these fellows in the C.N.R. shops. I know their circumstances, and I know their problems. I know how difficult it is for them to make ends meet. We have only to look at the great rise in prices to know that the $25 which some of them are getting is far from being ample.

I recall that this plan came into operation in the depression years when $25 looked like a lot of money. Of course, barley was only fifteen cents a bushel and oats about ten cents, so conditions were quite different. Today $25 is really nothing. All it does is to keep that individual from receiving the old age pension. I do not know to whom I should appeal, but I am going to appeal to the government first, to the Canadian National Railways if need be, and I am going to ask the minister responsible to do his best for these Canadian National pensioners today. They are in great difficulty. Some people in the Canadian National Railways have retired well off, but the majority did not and are really in need of some assistance.

Mr. Gillis: Mr. Chairman, I should like to say a few words on this question, since I was a member of the railway committee. I had no knowledge of that letter which was tabled by Mr. Gordon until I heard it read in the committee. I am not going to go into all the arguments I have heard in this house for ten years concerning the necessity for a pension for the classifications about which we are speaking. I believe that is conceded.

I should like to stress that there are two questions involved in this discussion. The first one is that, at the present time, a committee representing the employees of Canadian National have been meeting with the management over the last couple of months for the purpose of revising the whole pension scheme for the future. In my opinion that is the proper way to do it. It is the first time in the history of the system that management has formed a committee of the employees themselves. Their job is to try to find an actuarial basis upon which they can improve the whole pensions scheme for the future. I am quite prepared to leave it with the people affected, because I think they are in a position to do a better job in working out a suitable scheme than we are here, or people anywhere else in the country.

The second point that I should like to make is this: The other question is the question of the employees of the Canadian National Railways who have retired on pension. Mr. Gordon made it quite clear to the committee that that particular question was not being considered by the committee now set up. No matter what happened to the new scheme, the pensioners now out, the superannuated ones, would not come within the scope of anything that may be done by way of improvement. He did

suggest that the only hope he could see for the immediate future was to have the means test taken out of the old age pension. By doing that many of those pensioners who now are limited in their earnings, because of the means test, would get relief. The only hope, and I think the thing that we have to emphasize in immediate relief for the superannuated pensioner, is to get something done in regard to amending the Old Age Pensions Act as soon as it can be done, because management made it quite clear to that committee that nothing would be done in so far as the superannuated pensioners were concerned.

I just wanted to make that clear. Let us not confuse the whole thing. I would leave the matter that is now in the hands of management and the committee to them, because that is the proper place for it; but I would urge the minister, if he has any influence with the rest of the cabinet, to try, before this session prorogues, to do something about the means test in the Old Age Pensions Act, because to the committee it was clearly indicated that that was the only immediate hope for the classification of pensioners who did not come within the scope of the new scheme, if and when management and employees agree to it.

Mr. Diefenbaker: Mr. Chairman, I am not going to restate or recapitulate anything I said before. It is clear from what the minister has said today that so far as the pensioner is concerned, there is little hope for his receiving any increase over the $25 basic pension, nor indeed for the 7,000 odd receiving any increase in their pensions of $40 and under. As a matter of fact, no matter what this committee of management and labour may do, nothing would be done for the man who is out today. I am not speaking of the man who is 70 years of age; I am speaking of the ones between 65 and 70, to whom the removal of the means test will mean no improvement.

I have in my hand a copy of the record of what took place in the railway committee. It is very interesting to read what the attitude of the president of the Canadian National Railways is in relation to those who are over 65 and who today are on pension. He said this.

Mr. Chevrier: If my hon. friend is going to read the evidence of the committee into the record may I say that I understand there is a rule of the house which prohibits it.

Mr. Diefenbaker: I beg your pardon.

The Deputy Chairman: If the report of the committee has been tabled there is no objection. It belongs to the house and there is no objection to quoting it. See Beauchesne, third edition, page 204, citations 568 and 569.

Mr. Diefenbaker: The report has already been brought in. I am reading from page EE-7 of the typewritten script:

> Mr. Gordon: We have been considering a plan whereby we can bridge the gap between 65 and 70, until we get into the old age pension bracket.

That was referred to a moment ago by the hon. member for Cape Breton South. I continue:

> In respect of employees to be retired that is fairly easy because we can talk to them while they are our employees and if the government agrees with our plans we would not expect much difficulty there.

After all, that is correct, Mr. Chairman. The responsibility is the responsibility of the government. Mr. Gordon goes on:

> But, before we can make that applicable to employees who have retired they would have to be searched out and give up the existing contract about which they would be suspicious. They would not believe the C.N.R. was going to give them something better. We would find it difficult to break that down, and remember also these men are old men and they are not too competent to judge what is in their own interests, and so on and so forth. So, I cannot give you any assurance whatever that the plan as finally agreed upon will be made applicable to retired employees.

If retired employees are to get an increase over what they are receiving today, however suspicious they might be, and however old they might be, I am sure there would be no aversion on their part to receiving an increase over what they are receiving today. I do not think that any good will come out of repetition, but when I think of the employees from 65 to 70—no matter what the old age pension law may be, no matter whether the pension will be awarded without the means test at 70—who are receiving $25 a month, and probably up to $40 a month, apparently they will receive little or no consideration, because the minister will not go any farther than he went on Friday the 13th, and that left no hope so far as the ex-employees are concerned. Reiteration and repetition do nothing. Finally, I say this: no amount of excuse, no committees that can be set up, no committee that has been set up in any way discharges the government from their responsibility.

When the minister was asked a very simple question as to what conversation he had with Mr. Gordon, the president, and whether Mr. Gordon had suggested to him that something be done for those people, the answer was that he would not be cross-examined. When one receives that answer—

Mr. Chevrier: That is exactly what my hon. friend would have said.

Mr. Diefenbaker: Of course I am not the minister.

Mr. Chevrier: Fortunately.

Mr. Diefenbaker: I am not the minister who is responsible to give the fullest information. Judging by his answer, there is no question at all in my mind about these employees who are receiving a pension of from $25 to $40 a month and who are between 65 and 70 years of age, their position is hopeless, as it has been hopeless for four years, and that condition is to be continued. I feel very deeply on this, for I know and all of us know of ex-employees who gave the best years of their lives for a pension which was attractive, as the hon. member for Selkirk says, in 1935, but which today leaves the recipients of that pension destitute.

The wages that these people received over the years did not enable them to provide for themselves. I leave the matter there. I am not going to argue further. So far as the employee between 65 and 70 is concerned, the responsibility rests on the government of the country. No one else can accept that responsibility. Whatever may be done by the committee that has been set up to which Mr. Hutchinson referred, it in no way, as Mr. Gordon said, can determine the rights of those who are today on pension.

Mr. Green: The ground has been thoroughly covered by my deskmate, the hon. member for Lake Centre, as well as by other members who have spoken this afternoon. I should like to associate myself with their remarks. I would point out to the minister in addition, however, that four or five months ago the Canadian Pacific Railway provided an increased pension for its small pensioners.

I have here a press dispatch of December 22, which sets out that fact. The paragraph dealing with employees who had already retired reads as follows:

> The new rules will increase the minimum pension for employees already retired from $30 to $35 monthly in addition to which a supplemental allowance of $5 per month for those under age seventy will be continued.

There may be other factors entering into the action taken by the C.P.R.; but I do wish the minister would explain whether or not that is the case. It seems to me where one railway has provided an increase in the minimum pension, similar action should be taken by the other. I do not understand why the Canadian National should refuse to do what the Canadian Pacific has already done.

Mr. Chevrier: I think if my hon. friend reads the evidence given by the president of the Canadian National Railways he will find that the president was asked that question and proceeded to give an explanation of the difference between the two company plans. One is a compulsory plan while the other is not. I am speaking from memory, but I believe he went on to say that the average pension under the Canadian National plan was as high as if not higher than that under the Canadian Pacific plan.

Mr. Diefenbaker: The average pension.

Mr. Chevrier: Yes, higher than the Canadian Pacific, even with the increase.

Mr. Green: But what about the minimum pensions?

Mr. Diefenbaker: That is the point.

Mr. Chevrier: If my hon. friend will read the evidence he will find what the president of the Canadian National said on that occasion.

Mr. Knowles: Mr. Chairman—

An hon. Member: Again.

Mr. Knowles: Someone says "again". The only answer I can make is that the minister did point out that I was exercised about the matter, as indeed I am. In view of what has been said, may I point out in fairness to the Canadian Pacific that the supplement they pay to pensioners in the lower brackets goes not only to those on low pensions, which they earned under the compulsory contributory scheme, but it also goes to those who were in the employ of the company prior to 1937, and therefore were not in any compulsory scheme. So I think the difference between the two systems which Mr. Gordon sought to indicate is not pertinent.

My purpose in rising again was to appeal to the minister to take an objective view of the position in which some time ago he sought to leave this matter. I refer to the time the hon. member for Kamloops was putting a supplementary question to him, and the minister said that the whole matter was being discussed between the employees, through their committee, and the company, and that until such time as those negotiations were concluded one way or another he did not wish to say anything further or to take action in the matter.

That seemed a plausible position, and he was supported in it by the hon. member for Cape Breton South. May I point out to him —and I would ask him to look at this objectively—that that does not include any hope whatsoever for those now retired. The attitude of the president of the railways toward those now retired is indicated by the quotation read into the record by the hon. member for Lake Centre. The hopelessness and helplessness which members of the committee on

the employees' side feel about anything being done through their negotiations on behalf of those now retired is revealed by the quotation I placed on record, from my second letter from Mr. Hutchinson. So those men who are now retired, sixty-five to sixty-nine, as well as those seventy and over, are out in the cold. Nothing is going to be done for them by the Canadian National Railways, unless they get a green light from the government. Nothing is going to be achieved for them by negotiations between the committee representing the men and the committee representing management.

The government has laid down a policy with respect to superannuated civil servants. We are still referred back to the statement made in January, 1948, by the Minister of Finance. That policy, which I regard as wrong, stands in the way. The Minister of Transport referred to it the other night. I ask him to give this whole matter further consideration—and when I use the expression "whole matter" I am narrowing it down, so far as our discussion today is concerned, to the case of those who are now retired.

To ask us to wait until the other negotiations are concluded is of no avail; because when those negotiations are concluded they will include nothing for these people, and we will then get the same kind of statement the Minister of Finance makes to retired civil servants—the statement that what they are receiving is what is theirs by virtue of a contractual arrangement. That is as far as he will go.

The problem is a serious one, and I earnestly hope the minister will give it further consideration. Before taking my seat I should say, despite anything we may have said earlier in debate, and despite any attitude the minister may have attributed to me, that I am most grateful to Mr. Donald Gordon, for having placed that letter on the record, and for having created an atmosphere in which it has been possible really to bring this whole matter out in the open.

Look at the time. Did the committee ever think this matter would be discussed at such length today?—not on your life! I certainly did not. But because of the attention that has been drawn to it, and because of the various aspects of the issue we have been able to bring out into the open, the case is now clearly before the minister. I hope, and I am encouraged by the smile I now see on his face, that he will adopt a different attitude toward it, and give full consideration now to the case of those who are at present retired. Do not ask them to wait until the negotiations on the other are completed, because that will not provide any help for those who are now retired.

Before taking my seat may I take the opportunity to ask one or two questions concerning the item before the committee. I am sure, Mr. Chairman, that you will be happy to permit questions relating directly to the item. We are now considering item 503, which is in these words:

Railway employees' provident fund—to supplement pension allowances under the provision of the Intercolonial and Prince Edward Island Employees' Provident Fund Act so as to make the minimum payment during the period January 1, 1951, to March 31, 1952, the sum of $30 per month instead of $20 as fixed by the said act.

The amount asked is $14,250. As I indicated earlier, I checked back and I found the act was passed in 1907, and that it laid out a formula for pensions for people working for the railways mentioned. However there was a floor in the act, for it said that in no case could a pension be less than $20 a month. I would ask the minister in what year the practice was begun of putting in the estimates an item to supplement the $20 up to the figure of $30 now provided.

I would ask an explanation, further, as to why the amount continues to decline. Before I came to the chamber this afternoon, I checked back for a period of six or seven years, and I found that in each succeeding year the amount required for this purpose has been a little less.

Mr. Chevrier: The increase has been in effect and has been voted in the estimates of the department since 1921. There are now 209 of these former employees affected by the vote. The reduction in the number of pensioners is due to natural causes.

Mr. Knowles: In other words, in due course this plan may be liquidated completely?

Mr. Chevrier: Quite.

Mr. Knowles: When the increase was made in 1921 was it to $30?

Mr. Chevrier: Yes, from $20 to $30.

Mr. Knowles: When the increase was made in 1921 was it made to cover employees then retired?

Mr. Chevrier: I am informed that it did.

Mr. Knowles: What the government did in 1921 in connection with this group of people was in principle exactly what we are asking to be done now for retired Canadian National employees. Here was a group of people in 1921 who by statute were entitled to a

minimum pension of $20 per month. Apparently the government of that day realized that $20 was not enough and despite the statute—incidentally, Mr. Watson Sellar calls attention to this in his memorandum; he says the statute should be changed—the government put an item in the estimates to increase the minimum of $20 to a figure of $30. What we are asking now is that the government do the same sort of thing for Canadian National employees who are already retired, more than 3,000 of whom are receiving only $25 a month and more than 7,000 of whom are receiving less than $40 a month. I urge action now.

Item agreed to.

Air services—Telecommunications division—
Airways and airports—radio aviation services—

504. Administration, operation and maintenance, $4,707,545.

Mr. Green: I should like to ask the minister a question which applies to all the items under the telecommunications division, and to a degree to other items as well. Take this item 504, the administration item; the vote for this year is $4,707,545, and for last year it is shown as being $4,489,730, or an increase of $217,815. When we turn to the details at page 480 we find that in the last fiscal year the vote was not spent by about $488,000. The result is that for the present year the estimate is up practically $700,000 over the amount actually spent last year. That is true of practically every item on this page.

In the case of vote 505 there is a decrease from last year of $922,900, but when we turn to the details on page 482 we find that last year the difference between what was voted and what was spent amounted to $820,000. In some of these cases where the estimate shows a decrease in amount, actually there is an increase over the amount which was actually spent during the last fiscal year.

It would seem to me that it would be more likely to lead to economy if these estimates were put in at a lower figure. The way it is done now gives one the impression that the figure is put in at a higher amount than it is expected will be spent, which I presume is done to provide what might be called a reserve. Surely that is an invitation to the departmental officials to spend up to the amount estimated, or in any event not to be so economical.

Why is it not possible to cut down these estimates closer to the amounts that are to be spent? For the first time the estimates this year show in the particulars the actual expenditures under each vote for the last two fiscal years. I presume that that is why this picture has never stood out so clearly before. Would it not be possible to cut down the estimates this year to an amount more nearly in line with what will actually be spent? Surely there is not going to be such a great increase over the amount actually spent last year as to bring the total up to what is being voted this year?

Mr. Chevrier: As the hon. gentleman knows, these are but estimates. The departmental officials do the best they can in preparing them. I can assure the hon. member that the estimates are revised by the time they get to the deputy minister, and then they are revised downward again, particularly this year, by the treasury officials. It does happen as has been pointed out by the hon. member for Vancouver-Quadra, that money voted last fiscal year has not been spent, but that may be due to the fact that the department has not been able to obtain the materials and supplies required, or the staff that they had in mind to get.

There are some examples that come to mind, not particularly in connection with these two items. There have been cases where an item has been put in the estimates two or three times because it has not been possible to enter into agreements with municipalities or with those who are negotiating for facilities in the department. The best answer I can give is that very often it is impossible to get within the fiscal year the materials and equipment that we expected to get, and therefore the money is not spent.

Mr. Green: This particular item showed a vote in the last fiscal year of nearly $500,000 over the amount actually spent. This covers administration, operation and maintenance; it is not an item for construction or the acquisition of buildings. Surely there is something wrong when in an administration item there is a difference of half a million dollars between the amount voted and the amount spent, out of a total vote of about $4,500,000.

Mr. Chevrier: It is a pretty large vote. It must be remembered that these telecommunications services are scattered all over the country, in the Northwest Territories, in Newfoundland and in areas it is not easy to reach.

Mr. Green: I am questioning what looks like a padding of estimates. I do not say that the Department of Transport is any worse than some of the other departments, and this may be the general government practice. It does seem to me that the estimate could be a great deal closer to the amount spent than is the case with these particular items.

Mr. Gillis: I want to again provoke the minister's thought in connection with a matter of some considerable importance. Two years ago there was considerable agitation from the Halifax area over the fact that there was not an adequate airport in that locality. The minister will remember that the airport at Eastern Passage had deteriorated to the extent that North Star aircraft could not land except in an emergency. During that period the transport department undertook the matter of making a survey of the Halifax area in an endeavour to find a suitable site. I received some information in the railway committee on this matter. One angle that was bothering people in that area was that, when forced landings took place, in many cases the passengers wanted to disembark and go through customs at that point, but they were not permitted to do so. They had to go through to Montreal. According to information we received in the railway committee, that has been corrected. There is an understanding now with the immigration department that people who find themselves in that position can go through customs there. The point on which I should like the minister to bring us up to date is whether the survey for the new site has been completed. If so, can he tell us where it is and what the possibilities are in the near future of starting an airport in that area?

It is something that is very badly needed, particularly today with the uncertain international situation and in view of the importance of that particular city and port in the event of difficulties on this continent. Second, if the site is not ready and cannot be got ready within a reasonable time, what are the possibilities of improving the airport at Eastern Passage? That is a job that could be done quickly. I do not want to enter into a long discussion of this matter. I know the minister wants to get ahead as fast as he can, and I know the Minister of Public Works wants to close at six o'clock tonight. Therefore I am making my statement short. Will the minister bring me up to date on the two matters I have mentioned? The first is what is the condition of the survey made to determine the new site for an airport, and if it is not possible to build a new airport within the foreseeable future, what can be done about improving the facilities at Eastern Passage airport?

Mr. Chevrier: Perhaps I might deal with the matter now, although it should come under the item for airports and airways on the next page. With reference to Dartmouth, let me tell the hon. member that is an airport which is under the jurisdiction of the Department of National Defence. When that department makes representations to us so far as facilities are concerned we build them. I am not aware that they have made any request —they may have—for additional facilities either by way of longer runways or stronger runways to take the larger aircraft. If they do we give it consideration immediately and put it into effect. I have nothing in these estimates to provide for additional facilities at Dartmouth.

With reference to the civilian airport at Halifax, if that is what the hon. member calls it, there is in the department a committee that makes a survey of all available airport and airway facilities in Canada in case of need or in case of emergency. That committee is a standing committee. I have not received a report from it with reference to Halifax, or any other airport for that matter, within recent days.

Mr. Gillis: The reason I ask the question now is that in the railway committee—perhaps the minister was not there?

Mr. Chevrier: No, but I am aware of what was said.

Mr. Gillis: We were definitely told that a survey had been completed that they felt would be suitable to all concerned. I was wondering whether the minister could bring us up to date. The statement we received in the committee is not correct?

Mr. Chevrier: I would not say that. I would simply say that this standing committee, which is composed of other than Department of Transport officials, has not brought to my attention a report recommending or dealing with this particular aspect. When I saw by the press what the position was I gave that information, and I can only repeat it here.

Mr. Gillis: I want to get it on the record. I would consider that the information we obtained in the committee, while coming from a fairly authoritative source, would not be official. I am trying to get the minister to make it official. In effect he has said that the interdepartmental committee has made a survey. He does not know whether or not it is completed, and he does not know if a site has been selected that is suitable to all concerned. It has not been brought to your attention?

Mr. Chevrier: That is right. I do not want to be misunderstood. The survey they have made is a survey of all airports and not of this particular one. I would not want to be misunderstood.

Mr. Gillis: They surveyed that particular one also. Anyway the minister will bring

us up to date some time before the house closes. I will see to that by way of a question.

Mr. Balcom: Has Trans-Canada Air Lines asked for that airport at Halifax?

Mr. Chevrier: I am not aware if they have.

Mr. Balcom: I should like to suggest that the statements made in the railway committee, to which the hon. member for Cape Breton South has referred, should not have been made at that time because the information was not available. In order to get it on the record, I should like to say that the Halifax board of trade has been working on this matter for some time, and we have been working quietly towards this end.

Mr. Diefenbaker: I should like to ask the minister a few general questions with respect to the matter of gearing Canada's civil aviation industry and also airports—

Mr. Chevrier: I should like to ask the hon. member if he would not ask that now. I would appreciate it if he would agree not to do so. I should like to have the discussion relevant to the items before us.

Mr. Diefenbaker: That practice has not been followed, but I am perfectly willing to co-operate.

Mr. Green: Can the minister tell the committee how much money has been advanced by the government to the Canadian Overseas Telecommunication Corporation? As he knows, that corporation was set up a year or two ago, and it was to take over certain assets from two established companies, Cable and Wireless Limited and the Canadian Marconi Company. Can he tell the committee how much has been advanced? The limit was $4,500,000?

Mr. Chevrier: About $500,000 has been advanced to the crown company for the purpose of purchasing some assets of the Canadian Marconi Company.

Mr. Green: How much will be required this year? Is there anything in these votes for that amount?

Mr. Chevrier: No, because the crown company takes it from its own funds. Authority to advance moneys has been granted by parliament under the special act, and amounts are advanced by the Department of Finance to the crown company from time to time as required. Thus far about half a million dollars has been advanced because they have, I am informed, come to a settlement in so far as a portion of the Marconi facilities are concerned. Negotiations with Cable and Wireless Limited are in progress.

[Mr. Gillis.]

Mr. Green: About how much more will be required this year?

Mr. Chevrier: Oh, over a million dollars, I would think.

Item agreed to.

505. Construction or acquisition of buildings, works, land and new equipment—capital, $1,499,200.

Mr. Diefenbaker: Would the minister indicate where it is intended to acquire land and what buildings are to be built during the coming year?

Mr. Chevrier: Yes. There are quite a number of them. This vote, as is indicated, is for the construction or acquisition of buildings, works and land and also for the acquisition and building of equipment. I shall refer to the larger items. For instance, for improvement of communication facilities at Gander there is an item of $69,000; construction of an I.L.S. runway at Gander, $40,000; at Sydney, construction of an I.L.S. installation, $40,000; at Goose, improvements to communication facilities, $47,000; at Mecatina, reconstruction of buildings and construction of a navigation beacon, $100,000; Churchill, construction of two apartments, $63,000; Vancouver, construction of a number of projects under $5,000, total $20,000; Vancouver, extension of transmitter building, $20,000. Those are the large items; there are other smaller ones.

Mr. Diefenbaker: Are there any in Saskatchewan?

Mr. Chevrier: Yes, at Regina; construction of building for transmitter, $5,000.

Mr. Coldwell: Is there any provision for the lengthening of the runways at the Regina airport?

Mr. Chevrier: Yes, but that comes under the construction of airports, on the other page.

Item agreed to.

Radio Act and Regulations—

506. Administration, operation and maintenance, including contributions as Canada's share of the administrative costs of various international radio, telegraph and telephone conferences, as detailed in the estimates, $898,836.

Mr. Drew: As a matter of information what are the various international conferences referred to here?

Mr. Chevrier: There is the international telecommunication union at Geneva, the international radio consultative and administrative conference at Geneva, and the inter-American radio office at Havana. Canada's share in the cost of these is $35,000 for the

telecommunication union, $16,000 for the radio consultative conference, and $6,000 for the office at Havana.

Item agreed to.

Radio aids to marine navigation—

508. Administration, operation and maintenance, $1,819,983.

Mr. Coldwell: What about radar? What supervision does the department exercise over radar equipment on ships; and are ships equipped with radar compelled to carry licensed operators, competent to repair radar sets if they go out of operation? I am not asking this without some grounds. I have been on several ships that had radar equipment, and I have been told that some vessels equipped with radar do not have competent operators; that if the captain is relying on radar for navigation purposes, as they do nowadays when they have that equipment on the ships, if the apparatus should go out of commission there is no one on the ship competent to repair it. That is dangerous, because of the reliance of ships nowadays on radar. I was wondering if anything is done by the department to register the ships equipped with radar, or if there is any compulsion on ships of certain types to instal radar; and if radar is installed, is there a licensed operator who can make the necessary repairs if the equipment breaks down, so the equipment may be of some use?

Mr. Chevrier: Radar is not carried on all ships, and it is not compulsory. Therefore there is no obligation to have personnel able to operate it. When there is radar on one of our ships we have one or more officers who are competent to operate the equipment. As far as repairs are concerned if it breaks down, there is no provision for that.

Mr. Coldwell: Does the minister not think that if a man is licensed to operate a radar set some assurance should be given that he can make minor repairs? I do not suggest he should be able to do major repairs on such a set, but he should be competent to make such repairs as are likely to be needed; and should that not be part of his qualifications?

Mr. Chevrier: I think perhaps the point is well taken, but until we make it compulsory on our ships to have that equipment I think it would be difficult to make it compulsory to have men able to make repairs. I think perhaps we should have somebody capable of making repairs in case of a breakdown. Very often we find that a man proficient in the repair of other kinds of equipment knows little or nothing about radar, unless he has taken a special course. While the officer who operates it has taken a course in its operation, I must say he need not have ability to make repairs as well. That is a point to which I think consideration should be given.

Mr. Coldwell: I have no doubt that sooner or later it will be compulsory to carry radar on certain types of ships, and I raise this point so that when that time comes it will be remembered by the officials of the department even if the minister should not be there himself.

Item agreed to.

512. Issue of radio receiving licences—(Transport Department only), $719,668.

Mr. Diefenbaker: Would the minister give the number of radio receiving licences that have been issued; and would he also say whether television would come under this item?

Mr. Chevrier: This item does not cover television. The number of licences issued for 1949-50 was 2,177,646.

Mr. Diefenbaker: How many for the previous year?

Mr. Chevrier: 2,057,943.

Mr. Diefenbaker: What is done in order to assure that licences are secured? What is your set-up?

Mr. Chevrier: I do not quite follow the hon. member.

Mr. Diefenbaker: What is the set-up in order to see that licences are taken out? What enforcement machinery have you?

Mr. Chevrier: In the first place, as my hon. friend must have noticed, an announcement is broadcast over the radio from time to time after the 10 o'clock news, about the time the licence expires. That announcement is not made every night, but is made on a number of evenings. It is stated that licences for the operation of radios expire on a certain date, and that radio owners would be well advised to obtain new licences for the ensuing year. Then a card goes out under the signature of the deputy minister to every person known to own a radio receiving set. There are also the vendors who make a door to door canvass. Those are the three matters that come to mind at the moment.

Mr. Diefenbaker: What was the total amount collected in radio licence fees last year, and what was the cost of collection?

Mr. Chevrier: The total amount collected for 1949-50 was $5,143,054. The commission allowed on sales was $331,653.

Mr. Diefenbaker: How many prosecutions took place for failure to take out licences, broken down by provinces?

Mr. Chevrier: The prosecutions for the fiscal year 1950-51 numbered 5,724. Broken down by provinces they were as follows:

British Columbia	215
Alberta	349
Saskatchewan	297
Manitoba	357
Ontario	3,162
Quebec	591
Nova Scotia	531
New Brunswick	159
Newfoundland	63
Prince Edward Island	0

I must say that those are not final because the reports are not in, but so far as can be ascertained that will be the total for the year 1950-51.

Mr. Diefenbaker: What allowance do you give to those who are trying to collect the radio licences? What are the fees paid?

Mr. Chevrier: The fee is $2.50, and the commission to the vendor to whom I referred a moment ago going from house to house is twenty-five cents; five cents is paid to a staff post office; fifteen cents to an accounting post office; fifteen cents to radio dealers and fifteen cents to banks. I believe in certain areas the mounted police also sell licences and they get twenty-five cents.

Item agreed to.

Telegraph and telephone service—

513. Administration, operation and maintenance, $1,440,729.

Mr. Browne (St. John's West): I should like to draw the minister's attention to a matter about which I wrote to him last year. It concerns the placing of radio communication sets on islands in Newfoundland where it would be too expensive to have communication by telegraph or telephone. I drew his special attention to the case of Colinet island, where there are about ninety families living about three miles from the mainland. The water in between becomes very rough, and in the wintertime there is no communication between the island and the mainland. It would only cost between $600 and $700 to instal a radio transmitter. Everyone has a radio receiving set. I believe the minister referred me to the director of telephone services in Toronto who turned down the idea.

I know that some years ago the Newfoundland government substituted radio transmitters for telephone service in some sections of Newfoundland along the northwest coast and along the east coast. It was found to be much more economical than attempting to maintain long telephone or telegraph lines. I do not know how many such places there are that would require the establishment of radio communication service, but it seems to me it would be of great benefit to the people and could be operated at very little expense. Has the minister had any applications from any other section of the country, or does he know whether there are other islands such as the one to which I referred, where radio transmitters are used for communication with the mainland?

Mr. Chevrier: We have before us for approval an application to establish service to about fifteen communities by means of radio-telephone connections to land lines or wireless telegraph stations. These are applications to the Canadian National Railways who have taken over the telecommunication system of Newfoundland. These applications are being considered at the moment, and I understand will be approved

Mr. Browne (St. John's West): Could you name the places?

Mr. Chevrier: They are Penguin Arm, Sops island, North Bay, La Poile, Colinet island—should I stop there?

Mr. Browne (St. John's West): No, I should like to hear the rest of them.

Mr. Chevrier: Isle Valen, Pinchard's Island, Richard's Harbour, Fox Island, Coward's Island, Burnt Islands, Croque, Little Harbour Deep, Williamsport, Hooping Harbour, Canada Harbour.

Mr. Browne (St. John's West): Consideration is being given to that at the present time?

Mr. Chevrier: Yes, and I understand approval will be forthcoming in the near future.

Mr. Browne (St. John's West): I am very glad to hear it.

Mr. Fulton: In the detail under this item on page 488 there is the following:

Operation and maintenance of communication lines by commercial companies, $110,000.

Could the minister give us some further information about that? It is the very last item on page 488.

Mr. Chevrier: This amount is to cover charges levied by commercial telephone and telegraph companies in respect of the attachment, maintenance and attendance of departmentally owned telecommunication facilities. The largest single payment of this nature is involved between Prince George and Prince Rupert, B.C., where approximately five thousand miles of telegraph and telephone circuits, four repeater stations and associated equipment are operated and attended on a contractual basis for the department by Canadian National Telegraphs.

Mr. Fulton: Is the position, then, that that is your line but the Canadian National Telegraphs maintain it for you?

Mr. Chevrier: That is right.

Mr. Fulton: Are there any such lines of a substantial nature?

Mr. Chevrier: There is in a further vote, and I shall draw them to your attention later on.

Item agreed to.

Telegraph and telephone service—

514. Construction or acquisition of buildings, works, land and new equipment, $450,100.

Mr. Coldwell: Before we pass item 514, there is a matter I should like to bring to the attention of the committee. I had intended to speak on it at some length, but I shall merely put the facts on the record which we have obtained by asking for various sessional papers and by inquiries which will appear in *Hansard*. I think it is a very strange matter and indicates a very strange procedure. It has to do with the building of a telegraph line in northern Saskatchewan by one L. M. Marion. I find that on September 29, 1948, Mr. Marion wrote the Department of Transport here, and this will be found in sessional paper 119-D, 1950, that he was prepared to start at a moment's notice, subject to the following terms, a telegraph line from Bull's House to Buffalo River. He said that the distance was thirty-five miles, and he also said—I thought this was rather strange—"I would recommend that Mr. Hood, the operator at Beauval, continue, as in the past, to inspect all work for the department."

Then, on April 3, 1949, parliament voted in interim supply a portion of the $14,000 estimated as required for the project. That is reported in *Hansard* of May 15, 1950. On May 9, 1949, Mr. Marion submitted bids for parts of the project through the Department of Transport at Edmonton. On July 8, 1949, notices inviting tenders for various parts of the project were displayed in several post offices for the first time, the line to be thirty-five miles long. On July 18, 1949, tenders on various parts of the project were received from L. M. Marion, E. E. Benoit, and A. Marion. On July 26, 1949, Mr. A. Marion and Mr. E. E. Benoit assigned their tenders to L. M. Marion.

Then, on August 2, 1949, a new tender came in from Mr. F. Laliberte at a lower rate than was offered by Mr. Marion. On August 9, 1949, Mr. Marion wired Ottawa that the line was completed and to please rush payment and so on. That will be found in sessional paper 119-D, page 10.

Then, there is a post office matter and I am not going to refer to that, but on September 6 the Department of Transport quite properly wrote Mr. Marion in these terms, in part:

> . . . as a result of your action in proceeding without our authorization, a very embarrassing situation has developed particularly as your combined offer for the job complete is not the lowest received.

Then on September 16, 1949, Mr. Marion wrote to Ottawa and explained in part—this is a gem:

> I did not anticipate that anybody that knew the country and conditions would be interested unless it were some irresponsible party who put in a bid simply to cause trouble.

Mr. Argue: Who is Marion?

Mr. Coldwell: Mr. Marion is a Liberal member of the legislature, but I was not going to raise that. On October 6, 1949, the Department of Transport informed Mr. Marion that his tender was still not the lowest and—I am quoting:

> We are therefore not in a position to proceed until this discrepancy is adjusted.

A week later, on October 14, Mr. Marion submitted a tender at $270 a mile, which was equal to the lowest tender received for 35 miles. The total was $9,924. The line was measured by the government officially and found to be 28 miles long. On October 19, 1949, the line was finally completed. On November 15 a rate of $270 a mile was approved on recommendation of the technical officers of the Department of Transport. Then Mr. Ahenakew wrote to the Department of Transport a warning about the length of the line and underlining his knowledge of the situation by saying that he had typed the letters at Mr. Marion's dictation. He further stated of Mr. Marion:

> He went ahead and built the line without authorization relying on political backing to see him through.

Here is the point that I am coming to. Parliament passed the remaining portion of the $14,000 estimate for this project on December 3, 1949, without being informed, when the matter was before the house, of any of the foregoing matters, and in spite of the fact that the line had been built for less than $10,000. The last word I have—I am going to ask the minister to comment on it in a minute—is that on May 15, 1950, the Minister of Transport informed the house that the payment was now being effected to Mr. Marion. I should like to know what the final payment to Mr. Marion was on this rather peculiar contract or rather peculiar undertaking on Mr. Marion's part. I have just given a bare outline. Of course I could comment here and there as I went along, but I did not propose to do that.

Mr. Chevrier: I of course cannot recall the details of the contract because my hon.

friend asked for the tabling of the correspondence in the course of the last session. I did have the details in my mind fairly well at that time because after the correspondence was tabled the item covering this payment was passed through the house and I fully expected that my hon. friend might bring it up then. I was prepared to deal with it then; I am not now. However, I can be fully prepared by eight o'clock. In any event I should like to bring this to his attention. While on the face of it it would appear that the contract did not go to the lowest tenderer, as a matter of fact the person who did the work did it at the amount of the low tender, and in fact did it for less money than the estimate of the department.

Mr. Coldwell: Only after considerable investigation.

Mr. Chevrier: There is this point to be kept in mind, namely, that this work was done in an isolated part of—

Mr. Coldwell: Saskatchewan.

Mr. Chevrier: —Saskatchewan. I understand no contractors are available there for this particular type of work.

Mr. Diefenbaker: Oh, yes there are.

Mr. Chevrier: Oh, no there are not. I would tell my hon. friend this: If he wants to submit this to a committee I am perfectly satisfied that it be done, because I have looked into it very carefully. I am sure that nothing could have been done more than was done to see that the department and the government got value for the money that was spent. The requisite number of poles were put up.

Mr. Coldwell: They were put up with no contract.

Mr. Chevrier: They were put up by the only contractor who was available, and certainly the only contractor the department could get in that area. I would not have the slightest hesitation in referring this whole business to a committee, if there were any doubt in the minds of hon. members.

Mr. Coldwell: May I say to the minister that I am not accusing his department of any wrongdoing whatsoever. As a matter of fact, I think the department did take considerable care in the final settlement, as far as I can see from the records that are on my desk. But what I am pointing out is that here we have a man who is closely connected with a political organization, a member of the legislature of Saskatchewan, who seems to think that he is not required to tender in the ordinary way; that he can begin a job and finish it, wire down to Ottawa and ask for the money almost before the calls for tender are posted in the post offices in the community. I am sorry that when this item came up last year I happened to be out of the house. When I came in I asked about it but was told that the item had passed.

Mr. Chevrier: The first question that my hon. friend asked was what was the amount of the payment. I can speak only from memory. I have not seen the papers for over a year. Speaking from memory I would say that the payment was in the neighbourhood of $10,000, which is $4,000 less than the estimate.

Mr. Coldwell: Which is the amount that the officials of the department said could properly be paid?

Mr. Chevrier: Quite.

Mr. Coldwell: But not the amount that was asked for; and the mileage settled for was different from the mileage alleged to have been covered when the original account was made.

Mr. Chevrier: That is right.

Mr. Coldwell: I congratulate the Department of Transport on having done this, but I am pointing out that in the old days this was not a very unusual sort of procedure in Saskatchewan.

Mr. Chevrier: We do not encourage it in the department, I can assure my hon. friend.

Mr. Fulton: May I ask the minister if contracts for the construction of new buildings, works or land are being considered or acquired in British Columbia?

Mr. Chevrier: Yes; rebuilding and repoling of existing telephone line at Vanderhoof, Fort St. James, British Columbia, $18,910; for work at Smithers, British Columbia and Burns Lake, Francois Lake, British Columbia, Quesnel, British Columbia —

Mr. Fulton: What work is that?

Mr. Chevrier: To rebuild and modernize existing telephone exchange, $16,100; Dawson Creek, Fort St. John, about $35,000 in those areas; Metallicizing and expanding of existing grounded telephone circuits and replacement of pole lines as required.

Mr. Fulton: Is there anything for the modernization or the improvement of the circuit in the southern portion of the area in the interior of the province?

Mr. Chevrier: There are quite a number of other items: Queen Charlotte islands, British Columbia, $11,680; Quesnel-Barkerville, British Columbia, $18,000; Port Alberni-Ucluelet,

British Columbia, $50,800; Port Renfrew-Shawnigan Lake, $7,545; 100 Mile House-Canim Lake, British Columbia, $11,500.

Item agreed to.

Air services—
Meteorological division—
Meteorological services—

517. Administration, operation and maintenance, $6,116,836.

Some hon. Members: Six o'clock.

The Deputy Chairman: As a matter of fact I thought we could reach item 519, civil aviation division, on which the hon. member for Lake Centre wanted to ask some questions. There are only two items on meteorological services.

Mr. Fulton: There is a big item of $6 million odd, namely item 517. I think we should call it six o'clock, because I note there is considerable increase over the previous year.

Item stands.

At six o'clock the Speaker resumed the chair and the house took recess.

AFTER RECESS

The house resumed at eight o'clock.

PRIVATE BILLS

BRITISH COLUMBIA TELEPHONE COMPANY

The house resumed, from Friday, April 20, consideration of the motion of Mr. Applewhaite for the second reading of Bill No. 116, respecting British Columbia Telephone Company.

Mr. Howard C. Green (Vancouver-Quadra): Mr. Speaker, in my previous remarks on this bill I had dealt with the first complaint of the Vancouver city council against the bill, which is that it asks for too large an increase in capital. This evening I propose to deal with their second ground of complaint, that under the company's present charter there is no protection against unreasonable charges being levied against this particular company by its parent and affiliated companies.

The real ownership and control of the British Columbia Telephone Company is in an American corporation known as Associated Telephone and Telegraph Company, which is a Delaware corporation with headquarters at Kansas City. It controls the British Columbia Telephone Company through a company in Montreal known as Anglo-Canadian Telephone Company, which, incidentally, also controls different affiliated

companies in British Columbia. Anglo-Canadian Telephone Company, in its annual report, describes itself as an investment company. It controls the British Columbia Telephone Company through the common stock, and now owns 60,000 of the 80,000 common shares issued, these shares having a par value of $100 each. Only the common shares vote; preference and preferred shares have no vote in carrying on the business of the company.

Until November of last year only 60,000 common shares had been issued, and those of course were the ones held by Anglo-Canadian. Since that time there have been issued to the public the other 20,000 common shares. At the present time there are 40,000 more common shares being issued, to a par value of $4 million. Rights to subscribe for these new shares have been issued to the old holders of common shares on a basis whereby for each two shares now held there is the right to purchase one of the new shares.

The result is that Anglo-Canadian now has 60,000 rights with which it can buy 30,000 more shares at $132.50. They are not being offered at par, but rather at $32.50 over par. On April 13 there appeared in the Vancouver press an advertisement offering rights to subscribe for 27,800 ordinary shares. Obviously those must be from the rights issued to Anglo-Canadian, becaue no one else has that number. They are on sale at $4 per right, to the number of 55,600 rights. This means of course that from the sale of those rights Anglo-Canadian can get at least $200,000—which is a nice little melon to cut. In addition they will continue to hold control of the company.

It is through this Anglo-Canadian Telephone Company that unreasonable charges are being levied against the British Columbia Telephone Company, which telephone users in British Columbia are expected to pay. For example there is a licensing contract under which the British Columbia Telephone Company each year must pay one per cent of its gross operating revenue to Anglo-Canadian, which payment, in 1950, amounted to approximately $160,000. As a matter of fact it was only recently that the rate was cut to one per cent; before the application in 1950 to the board of transport commissioners for an increase in telephone rates, the company was paying one and one-half per cent; as I have said, however, before the recent application was made that was reduced to one per cent.

It is claimed that this one per cent is for technical advice and financial assistance rendered by Anglo-Canadian; but I would point out that Anglo-Canadian has no staff. It

is only a holding company; and when this contention was advanced by the city and other bodies appearing last year before the board, counsel for the British Columbia Telephone Company claimed that these services would be supplied by Associated Telephone and Telegraph Company, or by some of its other companies. Yet in 1948 Anglo-Canadian paid to Associated Telephone and Telegraph for service of this kind only $3,150, while in the same year they collected from British Columbia Telephone Company $181,051 for these same services. This charge against British Columbia Telephone Company was not allowed by the dominion income tax branch; it was ruled out as an improper expense; yet the board of transport commissioners ruled that it was a proper charge and that the telephone users in British Columbia must make it up.

Here is a good example of the way Anglo-Canadian is milking the British Columbia Telephone Company and, of course, in effect, is milking the telephone users of our province. Then there are other examples. Anglo-Canadian also controls a company known as Dominion Directory Company Limited. This company is supposed to look after the directories for the British Columbia Telephone Company. It gets 35 per cent on all contracts for advertising in the directory. Its office is in the office of British Columbia Telephone Company. I believe Bell Telephone Company, for example, look after their own directory. This appears to be just one more way of getting money out of the British Columbia Telephone Company for Anglo-Canadian and, in turn, for Associated Telephone and Telegraph.

Another instance is that Anglo-Canadian owns a company known as Canadian (B.C.) Telephones and Supplies Limited, which does the purchasing for British Columbia Telephone Company on a basis of 5 per cent. Previous to the application for an increase in rates this charge was 6 per cent. They look after other services for which they are paid by the British Columbia Telephone Company. These matters were all before the board of transport commissioners, and while they allowed the directory charges on the basis that they were merely a matter of management, they would not allow the full amount paid to this supply company. It was that bad. Actually, the British Columbia Telephone Company got 87 per cent of the amount applied for on the application.

You will see that there is nothing to prevent Anglo-Canadian setting up a number of other affiliated companies and charging the British Columbia Telephone Company for the services rendered. If they can do it in one case they can do it in half a dozen. My point is that these various companies are not operating at arm's length and it is unfair for the telephone users to have to pay these amounts which are being milked out of the telephone company. Naturally there is considerable resentment in British Columbia. I have here an editorial from the Vancouver *Sun* of February 16, 1951, headed, "Where phone rates go." It reads in part:

> If the transport board thinks these contracts—

That is, the contracts with the affiliated companies.

> —are good business, then the city says there's nothing to prevent BCT from splitting up its operations into other parts and contracting with other affiliated companies to run them for similar fees.
>
> The contention that management hasn't used proper discretion can be aired in parliament by local M.P.'s during debate on BCT's private bill asking for power to raise its authorized capitalization from $25 million to $75 million.

Here is the significant part:

> Vancouver hopes that either the bill will be blocked until BCT promises to change its habits or that parliament will give new guidance as to how the transport board should view intercorporate arrangements when phone rates are next under review.

The city have summed up their position very neatly in a report presented by a committee of the city council. I should like to read one paragraph of that report as follows:

> If the council concurs in the views advanced in the foregoing four paragraphs, your committee would further recommend that the city take all possible steps to endeavour to have presented to parliament the onerous nature of the contracts to which the British Columbia Telephone Company is now subjected, when the private bill of the telephone company is under consideration, in an endeavour to obtain relief or amelioration from the adverse consequences of such contracts.

I submit that there should be an amendment to the company's charter to direct the board of transport commissioners to investigate and take into account these contracts with affiliated companies and allow only those charges which are reasonable in relation to services actually rendered. The people of British Columbia are entitled to this protection and they are entitled also to have the increase in capital kept to a reasonable amount.

I urge upon my fellow members in the house to insist that this bill be changed accordingly.

Mr. Angus MacInnis (Vancouver East): Mr. Speaker, I wish to say a few words in connection with this bill. A most exhaustive analysis of the bill has been made already by several British Columbia members, more particularly the hon. member who has just

resumed his seat, the hon. member for Kamloops (Mr. Fulton), the hon. member for Fraser Valley (Mr. Cruickshank) and perhaps others. I think it is significant that although there are seven or eight members of parliament from what is generally called the greater Vancouver area where most of the subscribers of the British Columbia Telephone Company reside, the company had to go outside the greater Vancouver area to get a British Columbia member to sponsor the bill. I want to make it quite clear that I am not finding any fault with the hon. member who is sponsoring the bill. That is his business. Indeed, I compliment him upon making a very fair representation of the purposes of the bill and of the contentions of the company as to the need for further capital.

As far as I am concerned I shall confine myself to what I consider to be the main purpose of the bill, that is, to increase the capital stock from $25 million to $75 million. I think that is too much of an increase to be granted at this time when the government because of defence needs is taking control over the expansion of industry and trying to prevent goods in short supply being used for purposes that are not essential. I think the house should consider very carefully all aspects and implications of this bill before granting the capital increase asked for.

The hon. member for Vancouver-Quadra (Mr. Green) referred to two reports that were made to the council of the city of Vancouver on this application for an increase in capital. The Vancouver city council set up a committee consisting of Mr. D. E. McTaggart, an outstanding lawyer, who for many years was corporation council for Vancouver, and Mr. Charles Brakenridge, who for 25 or 30 years was chief engineer of the city. I should like to draw your attention to the report prepared by these two gentlemen because I know they are men of ability and integrity, and have been connected with Vancouver's affairs for a long time. They are accustomed to dealing with matters of this kind on the basis of the actual facts and the needs of the city of Vancouver and the welfare of its people. Any report to which they put their names should be carefully considered by this house.

There is one point on which I wish to make my own position absolutely clear. I believe that utilities of this nature should be publicly owned, in this case by the province of British Columbia. But I am firmly convinced that if the people do not take steps to acquire and operate such services then we are bound to grant sufficient means, or allow the companies operating them sufficient means to carry on their business. I think it is important that I make that point clear. The hon. member for Vancouver-Quadra (Mr. Green) went into the merits of the bill so fully that it is hardly necessary for me to go over the same ground and perhaps repeat much of what he said. I am sure I could not say it so well or with the same clarity.

There is one point particularly which I wish to draw to the attention of the house. Although this company operates and has almost a complete monopoly on telephone service in the province of British Columbia, there is no control whatsoever over the company except that exercised by the board of transport commissioners with respect to an application for an increase in capital or in tolls. As shown by the report of Messrs. McTaggart and Brakenridge, I am afraid the board of transport commissioners is so far away from British Columbia that its members do not understand the people's needs.

Quite recently there came to my hand a letter which was sent to one of the British Columbia M.L.A.'s by a party on behalf of certain residents in an area in the municipality of Burnaby. The letter drew attention to the fact that in the opinion of the writer the company was discriminating against a certain area in the allocation of telephones. I do not know whether or not there is any merit in the contention, but I want to point out that there is no authority that can investigate such a charge and find out whether or not there is any merit in it. The M.L.A. sent the complaint to the public utilities commission at Victoria, and he received a letter in reply reading:

Dear Sir:

In reply to your letter to the chairman of February 28, I am directed to advise that B.C. Telephone Company is under dominion jurisdiction.

That is all. The public utilities commission could not do anything. After the M.L.A. received that letter, he felt, logically enough, that if there was no authority to supervise the operations of the company in British Columbia there should be in Ottawa where the charter was granted. Therefore he sent me the complaint and I forwarded it to the board of transport commissioners. In due course I received the following letter in reply:

Dear Sir:

I am directed to acknowledge receipt of your letter of the 16th instant, enclosing copy of petition from the residents of South Burnaby, B.C. regarding allocation of residential telephones, which is returned herewith.

I would point out for your information that the board has never considered that its powers with respect to telephone companies extend to the matter of furnishing or dealing with telephone service. Such powers as the board possesses are

limited to matters affecting the tolls charged for the service. Under the circumstances the board is unable to be of any assistance.

The letter was signed by the acting secretary. I think the reading of these two letters is sufficient reason for not granting to the British Columbia Telephone Company too large an amount of capital at any one time because obviously the only control the people of British Columbia have over the company is when it has to make application here for an extension of capital, or applies to the board of transport commissioners for an increase in tolls. If we at this time authorize the amount of capital that they ask for, $50 million, which according to their way of financing they can increase to $100 million or even more, we are putting all the subscribers of the British Columbia Telephone Company under a severe handicap.

The hon. member for Vancouver-Quadra went over the report made by the committee of investigation appointed by the city council of Vancouver pretty well clause by clause. He pointed out that in the first place the telephone company operates through a licence contract, and that the contract provides for an annual payment by the B.C. Telephone Company of one per cent of its gross operating revenues to the parent company, Anglo-Canadian Telephone Company of Montreal. As the hon. member for Vancouver-Quadra pointed out, it was brought out at the time of the application to the board of transport commissioners to increase the tolls that the Anglo-Canadian Telephone Company did not provide and did not have the staff to provide any sort of service whatsoever to the people of British Columbia who use the services of the B.C. Telephone Company. Yet for the year 1948 the B.C. Telephone Company made a payment of $181,051 to the Anglo-Canadian Telephone Company, and it is not shown that any particular service was given in return for that large sum of money. Perhaps I might as well read the pertinent paragraph in the report. It is as follows:

> Nevertheless the fact remains that while the B.C. Telephone Company paid to the Anglo Company for services under this contract for the year 1948 the sum of $181,051, the amount Anglo in turn paid to its parent, the Associated Company, for such service for the same year only amounted to $3,150.

Mr. Applewhaite: Would the hon. member kindly identify the report from which he has read a quotation?

Mr. MacInnis: I think I mentioned the report. It is a report prepared by Messrs. McTaggart and Brakenridge.

Mr. Applewhaite: A report prepared for the city of Vancouver.

[Mr. MacInnis.]

Mr. MacInnis: A report prepared for the city of Vancouver. I do not know whether the hon. member gave the figure in his speech, but I am sure he understands that 75 to 80 per cent of the subscribers to the telephone company's services live in the city of Vancouver. However, when the application to increase tolls was being made to the board of transport commissioners, the British Columbia Telephone Company thought it would look bad to have this 1½ per cent going to the Anglo-Canadian Telephone Company of Montreal, when it could not be shown that this company was providing any worth-while services. So they reduced the figure to 1 per cent; but even at 1 per cent payment amounted to $129,711 in 1949. A sum, let me repeat, that was taken from the subscribers of the British Columbia Telephone Company without any adequate services being rendered in return.

I think the methods adopted by the British Columbia Telephone Company in running its business are a pretty good example of how monopolies of this kind organize to milk the public for all the traffic will bear. A great deal of money is spent on advertising by these companies. Slogans everywhere: "Service with a smile." "Service is our motto." But when you come to investigate you find every possible trick used to take as much as possible out of the people they serve. The British Columbia Telephone Company, like other companies of a similar nature, has several affiliated companies. First there is the British Columbia Telephone Company. Then there is Canadian (B.C.) Telephones and Supplies Limited. This is a company set up by the telephone company from which it buys the supplies it uses in its business. Of course this second company must make a profit, and that profit can only be made by selling goods to the British Columbia Telephone Company, since it does not sell to the public or any other company. Then there is the Dominion Directory Company Limited, with which the hon. member for Vancouver-Quadra (Mr. Green) dealt. Then there are Chilliwack Telephones Limited, Mission Telephone Company Limited, and Northwest Telephone Company. All these companies are controlled by the British Columbia Telephone Company. In regard to Canadian (B.C.) Telephones and Supplies Limited I want to quote again from page 2 of the report prepared by Messrs. McTaggart and Brakenridge:

> Evidence at the hearing established that many of the supplies are purchased from other affiliated companies of the group, and in one case purchases pass in turn through two such affiliated companies thus involving three separate commissions or profits.

They are not satisfied with one profit on a transaction; it goes through several companies and each company in turn makes a profit.

I quote again:

> At the hearing opposing counsel forcefully contended that if this supply contract and the directory contract (to be later dealt with) could not be revoked, the British Columbia Telephone Company should not be allowed to charge to operating costs, on account of these two contracts, any more than a reasonable return on the money invested in the respective subsidiary enterprises.
>
> On the basis of an allowance of 5 per cent return on net invested capital it was shown that the Canadian (B.C.) Telephone and Supplies Limited had made an excess profit of $150,176 for the year 1948.

Perhaps the Minister of Finance (Mr. Abbott) could find some money for his budget if he looked in that direction. As I said before, Mr. Speaker, I do not believe it is necessary in order to make a case to repeat what has been said already much better than I could say it. However, I do impress upon the members of this house that before this bill is approved, before the company is given permission to increase its capital by $50 million, the brief prepared on behalf of the city of Vancouver should be carefully studied, and representatives of that city should be invited to appear before the committee to which this bill will be referred after second reading.

Mr. Clarence Gillis (Cape Breton South): Mr. Speaker, I want to join the two hon. members for Vancouver in discussing this bill. I do so because I agree with what they have said. I think the practice is becoming all too prevalent of having bills brought into this house with very little knowledge of what they involve. They are passed, and then two or three years later we get repercussions. There are two things I do not like in the procedure that has been followed in connection with this bill. In the first place, with all due respect to the sponsor of the bill, I think it should have been sponsored by a member from Vancouver.

Mr. Applewhaite: On a point of order, Mr. Speaker, in discussing the principle of legislation is it a legitimate argument to mention who happens to introduce the bill in question?

Mr. Richard (Ottawa East): You must have something else to say.

Mr. Gillis: I will before I am through. That is my first point, and that is why I am speaking tonight. That sort of thing makes me suspicious. If a bill was to be introduced in this house that was in the best interests of the part of the country I represent, I would expect to introduce it. If it is necessary to by-pass me in order to get it before the house, then I think there must be something the matter with it. I am not holding that against the hon. member. He is a very capable member and a good friend of mine, and I would be the last man in this house to suggest that he would sponsor something that was not absolutely legitimate. But I do suspect the motives of those who may be taking advantage of his innocence.

Now, Mr. Speaker, the second thing that makes me suspicious, and another reason why I am on my feet, is that this bill came through the back door. It had its origin in another place. That does not reflect on the other place, but if it is necessary for me to visit your home, Mr. Speaker, I will not sneak in the back door; I shall come in the front way, and let you know exactly the purpose of my visit. The procedure is in reverse. Under ordinary circumstances, and for a long time, any bill that came before the House of Commons went through the resolution stage, if it was a money bill, or was introduced by a member of the house. Then, it generally went to a committee of this house which examined it in all its details, and brought it back to this house. I am not in favour of the procedure of having a bill passed through the other place and come in the back door. It is given to the members of this house with very little knowledge of what the implications of that bill are.

It is not as innocent as it sounds, Mr. Speaker. It is merely following up a lot of legislation that is tied up with a great octopus on this North American continent in the telephone business. It has for its purpose, as the hon. member for Vancouver-Quadra (Mr. Green) and the hon. member for Vancouver East (Mr. MacInnis) suggested, an increase in capital from $25 million to $75 million, an increase of $50 million. Well, that is a lot of money for a little company. It is supposed to be a small company, an innocent little struggling company that is trying to expand its services out into the wilds of British Columbia. It is not so small, and it is not so innocent. It is merely one of the arms of the octopus that stretch out in that particular spot.

I do not want to waste the time of the house, but I have in my hand a chart that sets out exactly what the tie-in is on the North American continent, not in Canada alone, of this innocent, poor little company that has this very innocent, poor little bill before the house. They only want to increase their share capital by $50 million, and in addition to that they want to make a change in the capital structure. They want to break down the value of the shares from $100 to $25; that may not be so innocent as it sounds,

either. A lot of widows and orphans, people with a little money, can buy twenty-five dollar shares. After they get enough of these twenty-five dollar shares, someone can buy them all in and own them all overnight, thus squeezing out the little fellow. That has been the history of the development of practically all industries on this continent.

I am not going to read this, but at the top of the chart there is the Associated Telephone and Telegraph Company of the United States, which is tied in with the American Telephone and Telegraph Company, which in turn is tied in with the Bell Telephone Company and some twelve other companies which are tied in with the B.C. Telephone Company. In my opinion there is a complete tie-up, a directive tie-up with the large companies in the United States and Canada. This is not as innocent as it appears. Let us take a look, for a moment, at what happens in the development of this type of organization, and the monopoly position that it holds today. There is no one in this house or in this country who can fool me into believing that the Bell Telephone or the B.C. Telephone or any of these other subsidiaries are just little struggling organizations trying to take care of themselves. It is not so. They have a granddaddy somewhere with a lot of power who is taking very good care of the little family. As the member for Vancouver East has suggested, the company is getting a long way into the pocketbook of anyone who is in a position to take advantage of its service.

What happens when the capital of a company is expanded, as is suggested in this bill? You do not have to go far to find out. We have had lesson after lesson during the lifetime of most of the members in this house, all of them in fact, and in the very organization we are talking about tonight. In my hand I hold a little book entitled "What Price Telephones?" by Norman Perelman. It contains a complete history of the development of these companies in the United States like American Telephone and Telegraph, the granddaddy of them all. Back in 1929, 1930 and 1935, what happened to the employees of that particular organization when it made a large capital expansion and invested a lot of money that did not turn out as well as the company expected? It was not the board of directors or the shareholders that suffered, it was the employees of that organization. I am going to read just a few extracts from this booklet so you will not think I am merely expressing my own opinion. These are the facts as contained in this research pamphlet on the development of telephones on the North American continent, with particular reference to the United States. I use the United States because practically all of that type of organization in Canada is merely a subsidiary of a United States company which put up the original capital.

At page 23 of this little booklet you will find this statement. I am reading these extracts because they are relevant to the bill that is before the house at this time requesting a capital expansion. This has to do with what happened in a company that did get a large capital expansion, and did not invest it wisely. It has to do with employees' relations, tying that in with the subject I have just indicated.

> As in so many other respects, Bell's reputation as a model employer does not stand up under close scrutiny. In reality, a Bell employee has little security. Until 1929, with the continued growth of the system, the number of workers steadily increased. The following year, however, although the total revenues exceeded those of 1929 by $37 million, representing the highest peak in Bell's history up to that time, the number of employees was decreased by 60,000. A. T. & T. during 1930 had greatly expanded its capital investment. Business did not increase according to anticipations and, to avoid a reduction in the net income, the workers, not the stockholders, were made to suffer for management's mistake. Throughout the depression A. T. & T. continued to pay $9 dividends per share, while its level of employment constantly declined. Between 1929 and the end of 1935, 184,600 workers were let go in one way or another. When, in 1937 another new high in A. T. & T.'s history was reached, the number of employees was 134,000 less than in 1929.
>
> This reduced labour force failed to hamper the handling of the A. T. & T.'s increased business. Between 1930-33, a speed-up system had been inaugurated, resulting in the loss of jobs by over 30,000 persons. The introduction of the dial phone accounted for approximately 20,000 more unemployed, while a sharp decline in new construction threw an additional 40,000 out of work.
>
> In the main, workers least able to afford it were hit by this curtailment of employment, for the lowest wage groups were those from which the discharges were made. Yet, at the same time, "the total dividend payments grew from $116,000,000 in 1929 to $168,000,000 in 1935."
>
> Thus Bell's contribution to the unemployment of the depression years is obvious. Equally apparent is what could have been done to alleviate it.

I read these extracts into the record merely to show that a request from the company such as we are getting at this time does not necessarily mean that that company is in a prosperous condition, or that it is going to expand its services or create more employment, or that it is going to improve its services. What I read of course took place during the depression years, but it shows that the judgment of the management in making large investments at that time was not justified. That could also be said today.

I do not think that this is the time for the British Columbia Telephone Company to come to this House of Commons and ask for the increase in capital that they are asking for. When you consider that this country is

embarking upon a defence program that is going to last for the next three years, as far as government policy at the present time is concerned, and that the Minister of Trade and Commerce (Mr. Howe) has told the house time and time again that we are going to have to suffer and tighten our belts as far as civilian requirements are concerned; that there is going to be a shortage of material in everything that goes into ordinary consumption goods; and that at least 25 per cent of plant production, plus the raw materials in this country, are to be used for war purposes: in the light of these statements and in the light of the developing international situation, nobody in this house can rise in his place and justify the granting to this company at this time the right to increase its capital by $50 million in anticipation of increasing and expanding the services, because the government has told us time and time again that the materials are not going to be available.

In view of the fact that there are many implications in the expansion of the capital of this company, and that we have not sufficient information on the subject matter of this bill, I believe that before we adopt the principle of it on second reading the bill should go to a committee of this house for a thorough study, and that it should come back from that committee to the house, and that the sponsors of it should be prepared then to give us all the necessary information in order for us to pass the bill as it is in its present form. Accordingly, Mr. Speaker, I am going to move, seconded by the hon. member for Selkirk (Mr. Bryce):

> That Bill No. 116 be not now read a second time, but that the subject matter thereof be referred to the standing committee on railways, canals and telegraph lines.

I believe that this action is necessary at this time. I believe that that is the logical and sound thing for hon. members to do. I believe that for two reasons: One, I do not think we have the information we require to grant the request contained in this bill at this time; and, two, if we had the knowledge and the power I still question whether it is good business for hon. members at this time to be granting a lease, as it were, to companies that are going to engage in ordinary civilian activities, to give them the right to go into the market with an expanded capital, such as is suggested in this bill, and bid against the defence departments for the necessary materials that we shall require in order to bring our defence program to the fruition that is envisaged by the government. I think that is putting the company in the field to compete for materials necessary to defence at this time, and I think the house should seriously consider that angle of it. It will not do any harm to have this matter held up for a few weeks, at least, in order for us to get what information we can from the Department of Trade and Commerce, the defence departments and others who are in a position to give us what I consider is necessary at this time in order to make an intelligent decision on the matter.

I see we have about a minute left, Mr. Speaker. I am going to leave enough time for you to read the amendment and give hon. members an opportunity to decide what is what.

Mr. Speaker: Under the rules of the house this bill after second reading is referred to that committee. Not only the subject matter, but the whole bill, is so referred. In these circumstances, is it in order to move that the subject matter only should be referred to the committee, pending the second reading of the bill?

Mr. Knowles: Perhaps between now and the next time this matter comes up you might give further thought to it. I would suggest that you look up the record of the debates on the Bell Telephone Company's bill which took place in this house in 1948. On that occasion several amendments were moved. Some of them were ruled out of order, but an amendment in terms precisely similar to this one was allowed. There are citations in Beauchesne which indicate the difference that there is between the bill itself and the subject matter of the bill. A bill can be referred to a committee only after it has had second reading, but the subject matter can be referred prior to the giving of second reading to the bill, or before the principle has been approved. That course was adopted, as a matter of fact, with respect to a bill of mine some years ago, and the result was that the subject matter was discussed by the committee to which it was referred. Although no action was taken that year, the result of that discussion was that favourable action was taken a year or two later.

I submit that the amendment is perfectly proper; it is a routine motion that perhaps Your Honour will consider between now and eight o'clock the next evening this bill is called.

Mr. Speaker: I will take into consideration what the hon. member for Winnipeg North Centre (Mr. Knowles) has had to say.

It being nine o'clock the house will resume the business which was interrupted at six o'clock.

Mr. Applewhaite: On a question of privilege, Your Honour has indicated that you will take into consideration the point of order that has been raised. I assume that Your Honour will also be willing to hear representations on that.

Mr. Speaker: Following the practice, I shall be glad to hear further representations from any hon. member before I make my ruling.

SUPPLY

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

DEPARTMENT OF TRANSPORT

Air services—

Meteorological division—

Meteorological services—

517. Administration, operation and maintenance, $6,116,836.

Mr. Fulton: Mr. Chairman, there is quite a substantial increase in this item over last year, nearly a million dollars. I do not propose to question every item simply because there is an increase, if the reason for the increase is obvious, and is considered to be necessary. However, I wonder if the minister would be good enough to make a few observations as to the reasons for the increase in this instance because, on first inspection, it would appear that the details would show that civil salaries and wages are up to quite a considerable extent. Perhaps that is accounted for by the 10 per cent increase in the wage and salary levels. I notice however that the item for materials and supplies is up to a considerable extent. Then, the same would apply to the item for office stationery, supplies and equipment. Increases in other items as well would seem to indicate that there must be some increase in the service being given. I do not recall any statement to that effect, and I wonder if the minister would give an explanation sufficient to satisfy the committee that the increase is necessary and must be voted.

Mr. Chevrier: The two main items, of course, in which there have been increases are salaries and wages of employees. Those are due to increases which have been given throughout the civil service.

Mr. Fulton: I understand that.

Mr. Chevrier: They amount to almost half a million dollars. The other considerable increase relates to materials and supplies, to the extent of $152,600. It is due to generally higher costs, based on the price index of the dominion bureau of statistics, and to the expanded use of equipment. The breakdown goes on to indicate that the costs of materials and equipment have risen substantially, as the hon. member knows. Then there are a number of smaller items where there have been increases. The two I have mentioned are the main ones, and amount to almost $700,000.

Mr. Fulton: I appreciate that materials will have increased in price, as compared with last year. I had thought that price increases might not be sufficient to account for the $150,000, unless there was a considerable increase in volume. If the minister is in a position to say that the increase in prices pretty well accounts for the increase in the amount of the item for materials and supplies, we will have to accept it.

Then there are increases for teletype, amounting to $20,000; office stationery, supplies and equipment amounting to $34,000; and weather observer contracts, $50,000. These items are of a type which would raise the presumption that there must be an expanded service. If that is not so, then I would question seriously the need for this increased expenditure. That is the explanation I should like to have.

Mr. Chevrier: I should like to deal with two items to which my hon. friend referred. There is an increase in the teletype item amounting to $21,800. There is included in this estimate a proposed additional circuit installation which will cost $14,844, and the replacement of an old model teletype with a modern high-speed type which accounts for $6,956. The increase in the item for weather observer contracts comes about by an upward revision of contract rates, chiefly in Newfoundland, the extension of certain contracts to a full year basis, and payments on account of new contracts. That accounts for $53,200. Those were not in last year's estimates.

Mr. Wright: What co-operation or co-ordination is there between the meteorological branch in this department and that in the air force? Does the minister's department do part of the meteorological observation work for the air force, or have they their own department? Would it be possible to make a saving through co-operation, if there is a duplication of service?

Mr. Chevrier: No; the airports under the jurisdiction of the Department of Transport are operated for the benefit of all groups, including national defence. In those airports we have meteorologists and radio operators, and we have tower operators. But this is not a duplicated service. In other words, the air force or any division of national defence has nothing to do with this particular service.

Item agreed to.

Civil aviation division—

519. Control of civil aviation, including the administration of the Aeronautics Act and regulations issued thereunder, $768,060.

Mr. Diefenbaker: Mr. Chairman, I believe some questions might be asked under this item relative to Canada's defence plans. Some time ago the Minister of Transport spoke in Quebec in regard to the general situation respecting civil aviation. My first question would be the extent to which the basic plans already existing, so far as civil aviation is concerned, are geared to the needs of the country, should an emergency arise in any part of the world, particularly as it would affect Canada.

Generally speaking, the situation as I see it is that the whole development in connection with civil aviation, or at least the major portion of it, is to permit of a rapid extension of air facilities should an emergency arise or should a war take place. It is because of the need for development and extension of civil aviation that I bring to the attention of the minister the situation in northern Saskatchewan and in Manitoba. The hon. member for Prince Albert would no doubt make these representations if he were here but, as one of his constituents, I make them, because I know he is unavoidably absent this evening.

Great developments are taking place in northern Saskatchewan. Uranium finds in the last year have possibilities beyond anything that has ever been discovered in our country. The nearest location to those developments is the city of Prince Albert in northern Saskatchewan, and I should like to learn from the minister whether consideration has been given to extending the runways at Prince Albert so as to make them available for all-year-round traffic—in other words, to make permanent runways at that point.

At the same time I would refer to another northern airport, which is located in Manitoba at Flin Flon. Certainly Flin Flon is one airport that is necessary from a defence standpoint, as is also that at Prince Albert. Both should be in a position to provide adequate air facilities and adequate air protection for the sources of vital base metal supplies. I should like to learn from the minister in a general way something of his plans in connection with the expansion of civil aviation so that these two areas, which today do not enjoy proper facilities or proper landing fields, should be provided therewith. I am not one of those who ask for expenditures unless I believe they are necessary and will be self-liquidating. These are the two jumping-off places into the north from Manitoba and Saskatchewan and I feel that they deserve the best air facilities that can be provided by the department.

While I am on my feet I should like to ask with regard to any conferences that have taken place during the year having to do with the development of the doctrine of freedom of the air. This may not come under this vote and I do not know under what item it would come, but I know during the past years there has been considerable discussion about the need of expanding the principle of the freedom of the air to the end that civil aviation may be properly expanded. As it is today, most nations have refused to accept the proposition that freedom of the air in so far as commercial rights are concerned should be accepted as part of the international air law.

I should like to ask the degree to which there has been expansion within the last year by Canadian Pacific Air Lines in their Pacific services. Last November there was some discussion as to whether C.P.A. would provide for calls at New Zealand in its Australia-Vancouver service. I should like the minister to give the committee a picture of the developments that have taken place during the last year and also any plans there are for the expansion of civil aviation.

There is no matter more important to our defence than the widest possible expansion of civil aviation. In making the suggestions that I have in reference to Prince Albert and Flin Flon I do so because I believe that with the development of minerals in northern Saskatchewan and northern Manitoba something should be done, not only to expand the commercial position of these airports but to make them available as military outposts in the event that our defences are threatened in any way.

Mr. Argue: I should like to direct the attention of the minister to the need for expanding the airport facilities at Regina. As I understand it, the North Star planes of the T.C.A. are unable to land at Regina. The capital city of Saskatchewan should have airport facilities sufficient to handle the largest planes. If the runways at Regina were extended perhaps one of the flights of the T.C.A. from Vancouver to Winnipeg could be dropped down at Regina and so improve the air services available to the people of southern Saskatchewan. I ask the minister to give consideration to this matter.

Mr. Fulton: I should like to add a word or two to what the hon. member for Lake Centre has said with regard to the need for a civil aviation development program. The hon. member for Lake Centre has outlined

the subject so well that there is probably not much need for me to elaborate. I agree fully with the points he has made, and particularly with reference to the importance of the development of civil aviation.

When the minister replies I should like him to deal with the question of airport development. In my view there is need for an over-all program of airport development as part of a civil aviation expansion program. As the minister well knows, there are a number of airports to which I could refer in detail. However, I have taken these up with the minister by correspondence and I do not think it would be proper for me to repeat the details on this occasion. I feel that the airports in which I am interested, as well as those in which other hon. members are interested, should be handled as part of an over-all program rather than, as I think has been the case in the past, as a sort of hodge-podge development.

Grants have been made in individual cases where it has been felt they were justified, or where sufficient pressure has been put on in support of a local case. If we look at the details of one of the subsequent items we can see where a number of small grants are being made to municipalities, in some cases to assist them in the development of airports. I think this matter goes beyond what might be regarded primarily as a municipal responsibility.

I base this argument on the fact that under government policy Trans-Canada Air Lines is the only air line which is permitted to operate on the main routes in Canada. For that reason T.C.A. are in a preferred position. It is almost a foregone conclusion that there will not be many other air lines, if any, which will be able to undertake a program of airport construction of their own. In the past the railways and transportation companies have had to provide their own terminal facilities, except for those ports which come under the national harbours board where there may be some co-operation. However, generally speaking the transportation companies have had to provide their own transportation facilities, including tracks and buildings.

As we were told in the committee, T.C.A. has virtually no responsibility with respect to providing airport facilities, either runways or buildings. If the government has assumed that responsibility for T.C.A. it means that those municipalities served by T.C.A. are in an extremely fortunate position. For the reasons which I have given, it is hardly likely that private air lines will be able to embark on a program of airport construction which will have the effect of providing first-class airports for those municipalities served by private lines. Therefore the case almost is that if a municipality wishes to have an airport at the present time the responsibility generally speaking is entirely that of the municipality, which is very different indeed from the history with respect to other means of transportation and communication. That is why I say it seems to me that it is essential, as one aspect of a civil aviation development program, that a sound and progressive program of airport development must be designed, laid down and carried through by progressive stages. It is admittedly a very expensive thing. I am not suggesting that we should set ourselves a target of one hundred airports a year or anything of that sort, but I am suggesting we should have a program, which could be followed through consistently, of developing airports at centres other than those served by T.C.A.

I think that the opinions I have expressed here follow logically from the opinion expressed by the hon. member for Lake Centre, with which I have said I agree, that the development of civil aviation is important not only from a commercial, but also from a defence, point of view. Certainly one of the primary necessities of the development of any program of civil aviation is a program of airport expansion. When the minister replies I wish he would make some comments on that. Perhaps I am not the original thinker here. It is likely that the department has already given some thought to this matter, and if so I would be grateful if the minister would tell us what general outline or program they have in mind.

Mr. Green: Before the minister replies, one of the points raised by the hon. member for Lake Centre was dealt with by the Turgeon commission. In chapter 13 of their report under the heading "Air Transportation" we find that the first suggestion made to them as to airports was as follows:

> That additional airstrips should be constructed in northern areas to provide better air transport between mining localities and commercial centres.

When the commission dealt with that matter they had this to say on page 261:

> An interdepartmental committee was established about one year ago for the purpose of studying proposals of financial assistance for the construction of additional airports in northern areas.

Apparently there is a recognized need for the development of further airstrips in northern Canada. When the minister replies I would ask him to deal with this particular point.

Mr. Chevrier: Mr. Chairman, this is not the first time that I have been asked by

hon. gentlemen opposite to put on *Hansard* the pattern and the program of the department with reference to aviation developments. It was asked of me last year and the year before, but I will gladly do it again if it is the wish of the members. There is a very definite program with reference to the development of civil airports and civil aviation services together with a program developed in co-operation with officers of national defence. The object of the policy of the department is first of all to see to the progressive development of main line airports such as those which are used by T.C.A. and C.P.A. across Canada, and to permit the utilization of the most modern types of aircraft at the minimum capital outlay.

Next it is the policy to see to the development of a minimum number of international airports, and also to assist and encourage municipalities that are anxious to develop their own airports, to come to their assistance where it seems desirable that such airports should be developed, maintained and operated to standards set out by the dominion government. Then we seek to assist in the establishment of airstrips or bases feeding remote centres, such as have been referred to by the hon. member for Vancouver-Quadra, for the purpose of stimulating the development of Canada's natural resources. As is stated in the report, there has been in existence for some time an interdepartmental committee composed of officers of the Department of Transport, the Department of National Defence and the Department of Finance whose responsibility it is to consider the over-all program and to co-ordinate it with defence if need be, so that we have not only a program for civil development but we also are ready to assist national defence should they require additional strips or additional facilities in airports operated by the Department of National Defence.

The committee has met on a number of occasions and is responsible for the program, part of which will be seen not in this item but in the next item. I think I need hardly tell the committee that the program which can be seen in these estimates is not nearly as ambitious as the officers of the department would have wished it to be, and I speak now exclusively of civil development. Because of the priority which national defence must of necessity take over civil development, we have had to curtail very severely the expanding of civil aviation, civil airports and civil airways in the present fiscal year. Because of that it will be seen that the estimates are not nearly as high as we would have wanted them to be.

We have some items here dealing with airports that have been referred to. I think I can safely say that there are a considerable number of items dealing with radio development, meteorological development and air services development in the Northwest Territories. When we come to those items I will gladly put them on the record if need be. We have an item for Flin Flon.

Mr. Diefenbaker: What is it?

Mr. Chevrier: It is a grant in aid to the municipality in the amount of $25,000. We are making a survey now of a field for Flin Flon. Nothing definite has been announced but there is this item in the estimates.

Mr. Diefenbaker: Is that in addition to the $25,000 last year?

Mr. Chevrier: Yes, it is in addition to the grant of $25,000 of last year which, with this amount, makes $50,000. Then we are giving consideration to a field close to Goldfields. Nothing has been decided with reference to it.

Mr. Diefenbaker: What consideration is being given to the Goldfields proposition?

Mr. Chevrier: I am not in a position to say. We are considering whether or not we will establish an airstrip there. In so far as Prince Albert is concerned, we have not got it under consideration, and there is no vote in the estimates covering that area. I was asked a question about freedom of the air, the five freedoms. There have been no special international air conferences during the last fiscal term. Of course there is continually in session either at the assembly or through the council the ICAO meetings at Montreal, and matters affecting freedom of the air are brought up regularly at that international organization. I am not able to state that additional agreements have been entered into between Canada and any other countries since the two agreements were completed with the United Kingdom and the United States.

In reference to the question of stop-over rights for C.P.A. in New Zealand, which was raised in the house and which received some attention when the Prime Minister of New Zealand was here, unfortunately that has not been advanced any further. All I can say is that Australia has indicated to us that they would have no objection to traffic movements through New Zealand to their country, but we have not yet been able to get any firm assurance from the government of New Zealand that they are willing to allow stop-over rights in favor of C.P.A.

Mr. Diefenbaker: What seems to be their objection? When we were there last fall

they appeared very anxious to have direct connection with Canada. On every hand members of the house of representatives asked us whether something could not be done to assure that Canadian Pacific Air Lines would have a port of call in New Zealand. Certainly it would complete the picture and would draw us still closer to those dominions in which we have a very considerable interest. Canadian Pacific Air Lines has done a magnificent job with its air service between Vancouver and Australia, and I find it difficult to understand why any objection should be raised by the New Zealand government to landing rights there, particularly in view of the fact that, as the minister says, the government of Australia has no objection to that course being followed.

Mr. Chevrier: I wish I could give my hon. friend an answer to that question, but unfortunately I cannot. I do not know the reason. All I can say is that when the prime minister was here, in the discussions he had with our own Prime Minister and with me I think he too went away with the idea that there was no reason why C.P.A. should not have these rights. I understand, however, that there is a division of opinion over there as to the effect it might have on New Zealand trade, though they have been assured that stop-over rights mean exactly that. Stop-over rights mean the right of a through passenger from Vancouver to Australia, let us say, to stop over in New Zealand for the matter of a week, since the trip is a weekly affair, and do not in any way mean taking away New Zealand traffic from the British commonwealth lines operating in those two dominions. Beyond that I cannot add anything. I know personally I have made the strongest representations to the representative of New Zealand in this country. He knows our position and our wishes and desires. I am sure he understands them and has explained them very carefully to his country. But I am not able to say that it has been possible for the government of that commonwealth to grant stop-over rights.

In reference to Regina, there is an item in the next estimate dealing with the development of a strip at that airport.

Mr. Argue: What is the amount?

Mr. Chevrier: $300,000.

Mr. Fulton: I was interested in the statement by the minister on the interdepartmental committee. I observe that on that committee there are representatives of the Department of National Defence, as of course everyone will agree there should be. May I ask the minister whether that committee has referred to it any proposals of the Department of National Defence arising purely within that department for the location and construction of new airports for defence purposes, so that as far as may be possible the defence airport construction program may be integrated with the transport department airport development program?

Mr. Chevrier: Yes, there is consultation between the officers of national defence and our officers. There is also reference by national defence to the committee for advice on the desirability of extending a strip in an airport belonging to national defence, and the decision of the committee is later referred to the responsible minister, who takes it up with his colleagues.

Mr. Fulton: There was just one other matter I wished to refer to, and it does not concern only new construction. I am referring to the airport and meteorological station—primarily the airport—at Dog Creek in British Columbia, which is situated about fifty miles from nowhere. There is a transport department meteorological station there, and during the war quite an extensive airstrip was constructed. There is also a radio beam station. All these installations have to be maintained at very considerable expense because of the distance from any supply centre. There is a growing need for an airport at one of the other communities in the district to which I have already referred, Williams Lake. I wish the two departments would take up this matter jointly and see whether it would not be in the interests of over-all economy to move the present installation to a point where it could be serviced much more readily, and where it could form part of the eventual over-all development of an airport at Williams Lake, which is a supply and distribution centre for that part of the Cariboo country. It seems to me that might be taken up as a joint civil-defence matter for interdepartmental consideration.

Mr. Chevrier: I am informed that the matter has already been referred to the committee, which feels that the Dog Creek airport is a good one. While the population in that area is not very dense, still the committee feels it is an excellent airport. They have not the same opinion of Williams Lake, which is not in the same category. It is a poor airport.

Mr. Fulton: At the moment.

Mr. Chevrier: Yes; and the Department of National Defence is not interested in the Williams Lake airport. So the committee felt

they should not disturb the present position where there is a good airport and particularly where national defence feel that there is no sound reason for moving from one to the other. If an emergency developed greater than the one which exists at the moment it might be possible to again consider Williams Lake, but at the moment that is the position.

Mr. Fulton: On that point I would simply observe that obviously I would not care to disagree offhand with the view of the committee to which the minister has referred, but the fact remains that the Dog Creek installation is fifty miles from anywhere. As far as constructing any installation there is concerned, or expanding any installation, the same considerations I have referred to with respect to the existing installation of course would militate against that. I cannot go further at the moment. It is a matter on which a comparison of figures and costs perhaps should be obtained, and I shall look further into that aspect. This is the first time I have actually heard that the decision of the committee has been given. I will have to look into the matter further and perhaps pursue it at another time.

Mr. White (Middlesex East): Would the minister indicate whether there is provision in the estimates for expanding and improving the airport at London, Ontario? I believe the hon. member for London was interested in that matter, and in fact all through western Ontario we are interested.

Mr. Chevrier: That really comes under the next item. I wonder if we could not stick to this one for the time being, and I will give that information when we come to the item.

Mr. Browne (St. John's West): Mr. Chairman, I should like to ask about the accommodation for T.C.A. passengers who are forced to spend the night at Gander. Last September I had the misfortune of having to spend the night there, and the accommodation was at the end of a runway. Every five minutes there was a large four-engine plane landing or taking off, so it was impossible to sleep. Has there been any change in the location of the sleeping accommodation for passengers?

Mr. Chevrier: May I deal with that under the other item? There is an item for that later, and it comes under that.

Mr. Browne (St. John's West): It comes under this item.

Mr. Chevrier: No, it does not.

Mr. Browne (St. John's West): I thought it did.

Mr. Chevrier: Unfortunately, it does not.

Mr. Green: Will the minister explain the difference in the regulations applying to planes which fly, for example, into the north country and planes which fly the established routes in the southern part of Canada. I believe that a plane flying passengers into the north must carry a certain type of emergency equipment, but that is not true of ordinary passenger planes flying across the southern portion of Canada.

Shortly before Christmas last year one of the Canadian Pacific planes flying from Vancouver to Calgary crashed near Penticton. In that crash the pilot was killed, and the co-pilot was fatally injured. It took about two days for help to arrive, and in the meantime the co-pilot died. He suffered terribly until his death, as the plane did not carry emergency equipment. It apparently was not required to carry emergency equipment to any extent. I believe it had a compass, papers, chocolate, sugar, aspirins, veronal, a hatchet and matches. There were also some bandages and a few splints, but not even in sufficient quantity for the one injured person. There were also a few blankets, but all of those were required for the co-pilot. Fortunately all the passengers were saved but they suffered a great deal. I believe there should be some regulations brought into effect concerning emergency equipment on these planes. A trans-Canada plane might come down in the mountains of British Columbia or in northern Ontario. I do not understand why such planes are not required to carry some type of emergency equipment. Perhaps the thought is that if the plane crashes everyone is going to be killed anyway, and there is no use carrying anything for an emergency. In this particular case, emergency equipment would have been of great value. It might even have saved the life of the co-pilot, although I do not know that it would. Why is it there is no provision made for this type of equipment to be carried on planes flying across the settled parts of Canada?

Mr. Chevrier: Mr. Chairman, I remember that accident quite well. I know owing to the coolness and dexterity of the pilot all of the passengers were saved, which was quite fortunate. I should say to my hon. friend that there is no difference in the airworthiness requirements for planes flying on the international domestic main line route and those flying into the north country. Neither is there any difference in so far as emergency equipment is concerned. The Canadian Pacific plane to which reference has been made was required to carry emergency equipment. There is this difference that in

flying into the north country they take rations and so forth, which they would not normally take on main line routes.

In the case to which the hon. member for Vancouver-Quadra refers, there was first-aid equipment on that aircraft. Over and above that, there was a qualified nurse. Canadian Pacific Air Lines, just as T.C.A., are required to carry qualified nurses on the domestic routes across Canada. They also have the first-aid equipment which is compulsory.

Mr. Green: I would suggest that the minister check this a little further. My informant was on the plane and was a qualified nurse. There was not sufficient equipment on that plane to look after the injured co-pilot. I believe there are regulations requiring the carrying of emergency equipment on planes flying into the north, in fact I have seen them myself. I cannot put my finger on them at the moment, but they require a certain amount of food, winter clothing and one thing and another of that type. Apparently there is nothing like that required for these ordinary passenger planes travelling across Canada. Can the minister tell us exactly what equipment has to be carried on the T.C.A. and C.P.A. planes for emergency? Could he give the committee a list of the equipment?

Mr. Chevrier: I will have to get the regulation and table it. I have not a copy of it here, but I am informed that there was this equipment on the plane in question. However, I would be glad, in view of the statement made by the hon. member, to look into the matter further.

Mr. Green: For example, there were no drugs, stretcher, food, water, axes, shovels, spades, rope, tarpaulin, heater or clothing such as socks, boots and mitts which would be required in midwinter in the case of a plane landing in the mountains. None of that material was on the plane. I am not suggesting for a moment that the Canadian Pacific did not comply with all the regulations, because I believe they did. But I would urge upon the minister to check his regulations and see whether there is not something further required for use in an emergency of that kind.

Mr. Diefenbaker: There is just one other matter. In connection with the answers given by the minister, I do not usually express my appreciation of a complete answer, but I do in this case. I think the minister went into considerable detail, and naturally such an effort as that on his part causes those who are questioning him to reciprocate. He has mentioned what is being done at Flin Flon and the additional $25,000 to be voted this year, which will be most helpful and will provide an airport there, necessary not only for the opening of the north country but also for defence should defence become necessary.

He has stated also that, so far as Saskatchewan is concerned, there are no plans for Prince Albert. The minister suggests that consideration is being given to an airfield at Goldfields. I presume that is for the purpose of providing facilities in connection with the uranium field that is located not too distant from Goldfields. I feel that I speak for the people of Prince Albert as well as northern Saskatchewan when I say that unless the facilities in Prince Albert are made much better than they are now, anything done at Goldfields will be of little help in opening that uranium country. After all, Prince Albert is the gateway of the north in Saskatchewan. It is the nearest place to Goldfields, and there is going to be a great development there. The uranium find is supposed to be one of the most valuable in North America. Prince Albert has in operation today an airport which permits the Canadian Pacific Air Lines to land there. But it is not an airport in keeping with the responsibility that will fall on it when the northern development takes place, as we believe it will.

This request of mine for reconsideration of the laying of all-weather runways in Prince Albert will result in some expenditure, but it will be self-liquidating, and it is necessary in connection with our defence. Prince Albert is the closest to the uranium fields. The airport in Saskatoon is too far removed to be the gateway into the development that is taking place. I suggest to the minister that this matter be brought to the attention of the interdepartmental committee, and that there be established in that city runways that will permit of the development being expanded into the north, which is now in its infancy, but promises to be one of the greatest developments in our country, so far as uranium is concerned.

Mr. Argue: I was pleased to hear the minister say a few minutes ago that $300,000—

Mr. Chevrier: Could we have that discussion on the next item? This item has to do with regulatory services of civil air transport.

Mr. Argue: I am sorry; I thought it was this item.

Mr. Green: I think this comes under the item. Last fall press dispatches appeared to the effect that plans were being made for a reserve of transport planes in Canada for use

in the event of an emergency such as war. This dispatch is dated November 3, and reads:

> Steps are being taken by R.C.A.F. officials and civilian agencies to provide Canada with a reserve of transport aircraft which could be used for airlift work in an emergency.
>
> A plan by which the government may acquire transport-type planes and turn them over to civilian operators on a loan or lease basis has already been discussed by high government officials, it was learned Thursday. The R.C.A.F. favours the idea.

The dispatch also quotes the minister as having dealt with the subject at a convention at Montebello. Can he tell us whether there are any plans of that kind in mind?

Mr. Chevrier: I can tell the hon. gentleman that representations have been made by the commercial operators for assistance in connection with new equipment. There are no plans; applications have been made, and studies are in progress at this time; but there is no decision on the matter that I can make any statement upon.

Item agreed to.

Airways and airports—

Operation and maintenance—

520. Civil aviation services, $8,808,885.

Mr. Argue: Is this the item?

Mr. Chevrier: Yes. May I deal with the matter that we discussed under the other item. I think the committee will want to know what are the amounts. I am sorry, it is vote 523 and not 520. Item 520 has to do with civil aviation services.

Mr. Diefenbaker: What does it comprise?

Mr. Chevrier: It comprises the maintenance and operation of all airways facilities and airports under or controlled by the Department of Transport. There are 112 airports, aerodromes, landing fields and associated facilities. It provides for the salaries and wages of all of the civilian aviation employees of the department in these 112 airports. These salaries run into almost $3,750,000.

Mr. Diefenbaker: How many employees are there?

Mr. Chevrier: There is a total of 2,303 under this vote.

Mr. Diefenbaker: How many were there last year?

Mr. Chevrier: There were 2,296 so there is not much difference. This vote also provides for the repair and upkeep of equipment, the materials and supplies which are pretty costly, running into almost $2,500,000. It also provides for assistance toward the operation of seven municipal airports, as well as administration expenses of headquarters and district offices.

Mr. Drew: What are those municipal airports?

Mr. Chevrier: Well, from memory, Vancouver is one and Edmonton is another. These are the two that come to mind at the moment. I can get a complete list for my hon. friend.

Mr. Green: Under this item can the minister tell us the present position with regard to the Vancouver airport? There have been press dispatches to the effect that the government is buying the airport, but as yet nothing definite has been published.

Mr. Chevrier: Could we have that question under vote 523 which is the vote for construction or acquisition of buildings, works, lands and new equipment? In that vote there is a substantial amount of money for the Vancouver airport.

Mr. Drew: What materials and supplies are covered? I mean the general nature of them.

Mr. Chevrier: I think I can get that for my hon. friend.

Mr. Drew: Covered by this item of $2,468,000.

Mr. Chevrier: Yes, it is a substantial amount. This provides for gasoline, oil, grease, fuel oil and parts required for eleven headquarters, and all maintenance equipment at the various airports as well as for district offices; vehicles; also quantities of domestic fuel required for heating, and diesel fuel for lighting plants; all purchases of supplies in connection with the maintenance of airports, which is broken down under eight or nine heads as follows: coal, coke, wood fuel and coal oil, $1 million; gasoline, oil and grease, $203,000; provisions and commissary supplies, $600,000; uniforms and kits, $5,000; electrical supplies, $65,000; aircraft supplies, $95,000.

Mr. Drew: So that I may understand this item, there is for instance a substantial figure for gasoline, and also a figure for aircraft supplies. What I am not clear on is what kind of supplies they would be that would not be paid for by the operating services.

Mr. Chevrier: We operate planes of our own. In each district, I think from memory, seven or eight across Canada, we have certain planes that are required for inspection and investigation purposes. There are motor vehicles, there are snow blowers to keep the runways clear. It has been brought to my attention that there are 72 automobiles under this vote, 80 snow blowers, 451 trucks, 35 graders, 300 tractors, 26 station wagons,

9 rollers and 6 busses, all of which are required in connection with the operation of the various airports.

Mr. Drew: This would be in the airports actually operated and owned by the department?

Mr. Chevrier: Yes.

Mr. Drew: As distinct from those operated by the municipalities. Is that right?

Mr. Chevrier: Yes.

Mr. Drew: I do not wish to press it, because the information may not be readily available. However, I did ask which airports are actually owned and operated by the government, as distinct from those operated by municipalities.

Mr. Chevrier: There is quite a list of those operated by the government.

Mr. Drew: You mentioned seven.

Mr. Chevrier: Oh no; the seven were municipally owned. There are 112 operated by the department.

Mr. Drew: It may not be easy to break that down, but I am trying to get a picture of the large airports across the country which are part of our heavy transport system. Is it possible to give a picture of those across the country operated by municipalities and those operated by the department?

Mr. Chevrier: I think so. For instance, Gander is operated by the department, and so are Moncton, Sydney, Dorval, Malton, Winnipeg, Ottawa, London, Windsor and Regina. The one at Calgary has been turned over by the department to the municipality. Then, those at Edmonton and Vancouver are municipally operated. Those are the three important ones of the seven mentioned a moment ago.

Mr. Browne (St. John's West): A few moments ago I referred to the accommodation for passengers who have to stay overnight at Gander, when travelling by T.C.A.

Mr. Chevrier: I do not wish to put off the hon. member continually, so I shall deal with the matter now. Unfortunately there is no provision for the condition to which he referred. I think the only way to meet that situation would be to build a new hotel, and we find we have not the means to do that. The most important thing at Gander is to build the new airstrip which will take the heaviest planes. The next thing is to build an administration building, which is badly needed and figures largely in our plans. Unfortunately however we have not been able to convince treasury officials that it is of such priority that it should be done now. We have convinced them however as to the airstrip. Then there are a number of other developments which must be considered before the matter the hon. member has mentioned.

Mr. Browne (St. John's West): I suggest there should be runways so that the heaviest planes could be accommodated because, as he knows, Gander is one of the most important airports in the world, with so many planes landing there. It would be a great mistake to neglect enlarging and straightening the runways so that they could be used by heavy planes. Do I take it that that is going to be done?

Mr. Chevrier: We have definite plans for development, and the largest item in the construction vote in these estimates is for Gander.

Mr. Gibson: I wish to assist the minister and also the hon. member for St. John's West. Gander has become a kind of gateway to Canada. Often it is the only place in Canada that Americans going to New York see. I understand the facilities there are pretty ghastly. I have had some personal knowledge of that within the last couple of days. The way we handle passengers going through there is no credit to Canada.

Mr. Drew: I do think this is a subject which has some importance, and that goes beyond the temporary convenience or otherwise of the passengers who have been compelled to wait over at Gander. Gander itself is some distance away from the larger centres of Newfoundland. Those who actually come down at that point have no facilities other than those provided at the airport.

As has been said by the hon. member who has just spoken, there is a question of public relations involved, as well as that of the comfort of the passengers. I cannot help comparing in my own mind the facilities available at either Gander or Goose with those available at Keflavik. I am not suggesting for one moment—indeed it would be inconsistent if I did so—any extravagant development, in view of certain of the things I have been saying. On the other hand there is a difference between extravagance and employing the expenditures which must be made for other things in a way that they will give some permanent facilities in these places where they are of considerable importance. Without raising this as a criticism of the past—because we all know that during

the last war certain things had to be undertaken—we do know that facilities could have been built in particular places, and that such facilities might have been used afterward, if the future expansion of aviation could have been visualized.

Having regard to the expansion that is going to take place in the air services it would seem to me that the wisdom of constructing something of the same type of accommodation as is offered by the hotel at Keflavik, at both Gander and Goose—and at Goose it would need to be on a much smaller scale than at Gander—should be given serious consideration. In the very nature of air transport, and it will be no less true with the introduction of jet aircraft, Gander and Goose will be extremely important stopping-off places under certain weather conditions. The facilities available at those points may to a very considerable extent be the deciding factor as to whether or not aircraft from the United States which constitute the major flow of transatlantic traffic will be satisfied to use those airports, or would be more inclined to expand the airports at the nearest points in the United States.

It is well known that there are now some large airports, and that there is a tendency for United States aircraft to use those airports in the United States instead of the facilities at Gander, for this very reason. Therefore I suggest that both from the practical point of view of service and that of attracting aircraft to use those airports when weather conditions demand a stop-over, consideration should be given to the location of certain defence construction projects at those places, and of a type which would be suitable both for training accommodation now and for hotel accommodation in years ahead.

Item agreed to.

521. Airway and airport traffic control, $1,203,247.

Mr. Gibson: Have any facilities been provided at Cassidy airport just outside Nanaimo to take care of night traffic?

Mr. Chevrier: Perhaps we could deal with that under item 523.

Item agreed to.

Construction services—

522. Administration, $749,582.

Mr. Applewhaite: Mr. Chairman, I should like to discuss a matter which comes to my mind now, because I do not believe it could be discussed under item 523. I would hesitate to take up the time of the committee in a discussion of the matter if I felt it was one of purely local interest. I would also hesitate to suggest an expenditure of money to the extent involved in connection with a matter of purely local interest. I am referring at the moment to the necessity for building a strip or airport, whatever one may call it, on which wheeled aircraft could land at Prince Rupert, British Columbia. I have said that this is not a matter of purely local interest, because I am convinced it is important to all traffic on the Pacific coast of British Columbia from Victoria at the south to Alaska at the north. It is of importance to the Pacific air traffic serving the United States and Alaska. It is essential to the east-west service from the Pacific coast in those latitudes connected with Edmonton and other points on the prairies.

Because of its value in connection with defence it is of more than local interest. I am not going to set myself up as an expert on defence matters, but I would leave with the committee the thought that if there is only one place on the mainland of the Pacific coast north of Vancouver where aircraft can be landed so as to give quick connections with the transcontinental railway and highway systems of the continent, then I suggest and submit it is of considerable importance to the country as a whole.

The situation up there is such that we are now on the main line operations of Canadian Pacific Air Lines from Vancouver. In order to get into Prince Rupert and make connections for points on the mainland of British Columbia, north of say Ocean Falls, this Canadian Pacific Air Lines plane has to set down at Sandspit on the Queen Charlotte islands when passengers and other traffic are then transferred to the mainland by a Canso amphibian plane. The nearest point at which any form of wheeled aircraft can set down on the mainland is at Terrace, some 95 miles inland from Prince Rupert which, as I shall mention in a moment, is not regarded as suitable for traffic of this kind. The Canso service by C.P.A. is an amphibious service which lands and takes off from the water at Prince Rupert, because there is no other place at which you can land or take off.

This has been requested and demanded for some time. In so far as the area which it would serve is concerned, the request or demand is greatly aggravated at the present time by the tremendous expansion in civil activities in that part of British Columbia, which has nothing to do with the temporary and perhaps somewhat artificial stimulation that we sometimes get as a result of defence contracts.

As two examples I would mention the fact that eight miles from Prince Rupert there started operation this month the Columbia

Cellulose Company which has completed a mill at a cost of some $30 million to $35 million. This also applies—I am sticking strictly to the item—to another development which I take pride in drawing to the attention of the committee. An announcement appeared in the daily press of Canada today that in the Skeena district the Aluminum Company of Canada is to start immediately a development which will involve the expenditure of $160 million in the immediate future and of approximately $500 million before it is completed.

Projects and businesses of this size cannot be served by any but the most modern, up to date and speedy transportation. For these reasons I submit that the department should give the most favourable and sympathetic consideration to the building of this airstrip.

You might say, and with reason, "Well, can't you get by with the Canso service?" I notice by recent reports in the paper that the Canso is having to make three trips a day between the island and the mainland in order to handle the traffic from Vancouver to Prince Rupert via the Queen Charlotte islands. The time will come, and I am afraid it will not be long, when the Canso aircraft in that service will have reached the stage where the Department of Transport will no longer permit them to fly in commercial service.

It is no secret that they were purchased by C.P.A. following the war at considerably less than their cost new would be. The cost of replacement with new aircraft, I say without fear of contradiction, would be so great that it would make the operation of the service prohibitive unless they were going to receive a large subsidy, which I do not think is likely.

I said that the matter was not of local concern. It has received the support of such disinterested bodies as the British Columbia aviation council, which has filed with the department a comprehensive brief on the subject. It has also the support of the associated boards of trade of central British Columbia, of the British Columbia-Yukon chamber of mines and of the Vancouver board of trade. It has also the support of practically all the local boards of trade and chambers of commerce in that district.

The site at which the residents there suggest an airport can be built feasibly is on Tugwell island, which is approximately six and a half to seven miles from the wharf at Prince Rupert and which could be served by small boats. This is all entirely protected water. I can assure the committee that I could talk for at least forty minutes outlining the details of this project, but I shall not do that. At this time I am merely going to suggest that it has been reported by engineers and others familiar with the aviation business and employed in the aviation business that runways can be built of 6,000 feet, 6,600 feet, 7,000 feet, or if necessary, 8,000 feet in length.

The 6,000-foot runway can be built at a reasonable cost. The 7,000-foot runway can be built at quite a possible cost. I admit that the last 1,000 feet of runway would be expensive in proportion to the rest. The island provides sea level approaches at both ends, as do all islands. The island itself is of glacial gravel; there is no rock involved.

There is only one other point—what are the alternatives? I know what I am talking about in dealing with these. One alternative is at Sandspit, which is on an island across Hecate strait, some 80 odd miles over some of the roughest waters on the coast of British Columbia. It is considered by the leading air line there to have no value for future commercial aviation and the weather is stated to be less good on the average than at Tugwell island.

The next alternative is at Annette on the Alaskan side of the boundary. The weather there is reported definitely as being turbulent and there are no highways or railway connections.

Terrace and Kitimat are both on the mainland and have been reported by the industry as not being suitable for main line operations.

I suggest that the time has come to give this development favourable consideration, especially in view of the defence possibilities.

Mr. Chevrier: I know the hon. gentleman has a keen interest in this airport because he has brought it to our attention before. Unfortunately there is no item in our estimates providing for an extension there, but in view of the reasons which he has placed on the record I can assure him that the department will be glad to give it further consideration.

Item agreed to.

523. Construction or acquisition of buildings, works, land and new equipment—capital, $6,498,350.

Mr. Argue: I was pleased to hear the minister state earlier this evening that $300,000 is provided in the estimates this year for improvements at the Regina airport. Can the minister state what is involved in this expenditure and whether the runways and other facilities will be extended to the point where North Star aircraft may come down?

Mr. Chevrier: I think the committee would want to know what the main items in this vote are. As I stated a moment ago, there is an expenditure of $1,250,000 provided for additional runways at Gander. There is a substantial amount in this vote for developments at Regina that will provide in due course for the construction of a new runway which is required there. It will cost far more to build the new runway but we are putting in this amount now because it will take some time before the development can be completed.

There is an item of $500,000 for Vancouver where we propose to construct a new runway. The rest of the vote is made up of smaller items such as $272,000 for the completion of the airport at Saint John, New Brunswick. There is also an item for the completion of the program at Dorval which was begun last year, and this particular amount is for the final payment on the runway. There are a number of other items which are small in comparison with these four. The hon. member for Comox-Alberni asked if there was anything for Cassidy. There is an amount of $16,000 for lights and a substantial amount for a radio range which has been passed already.

Mr. Browne (St. John's West): Is there anything for Torbay? The accommodation at Torbay is very limited. There is not enough accommodation.

Mr. Chevrier: There are several amounts for Torbay, installation of lighting on taxi way, $4,500; lowering of water mains, $6,500; replacing control tower, $8,000; repairs and addition to heating lines, $15,000; recapping of concrete apron with asphalt, $53,000. So far as Toronto is concerned, at Malton airport there is construction of a taxi way, $225,000.

Mr. Browne (St. John's West): Speaking about Torbay, I wonder whether it has been brought to the minister's attention that there is not enough accommodation in the waiting room at Torbay for people to sit down. There are only a few seats. The place is generally crowded with people standing around. There is not enough accommodation to sit down.

Mr. Chevrier: It is an airport belonging to the Department of National Defence but operated by us on a caretaker basis. It is not felt, because of its military nature, that there should be a greater expansion of the present facilities in so far as the waiting room is concerned.

Mr. Browne (St. John's West): That is absurd because we do not expect to be at war for the rest of our lives.

Mr. Chevrier: My hon. friend may think it is absurd, but I am telling him there is no provision for it in these estimates.

Mr. Browne (St. John's West): I ask the minister to take into consideration the matter of providing suitable accommodation for people who have to make use of Torbay in travelling on planes. There is only one room there not more than 15 or 20 feet square. Sometimes there are a lot of passengers there and a lot of their friends with them to see them off or to meet them. I think the least we can expect is accommodation as good as they have at some of the other airports such as Sydney. If the minister is not completely responsible for that airport, at least he has an interest in it, and I think he should take that into consideration.

Mr. Chevrier: I am afraid it is impossible to look after all the requirements that are necessary in the civilian airports of this country. I tried to indicate a while ago what the position was. We have plans that unfortunately we cannot put into effect because of the higher priority requirements of national defence. Until that position is cleared, much as I should like to tell my hon. friend that it will be done or it will be considered, I am afraid I cannot at this stage.

Mr. Argue: The minister said that the $300,000 for the Regina airport would not be nearly enough to complete the plans of the department. Would the minister give the committee some idea of what these plans are and how long it is anticipated it will take to complete them?

Mr. Chevrier: This item is for the construction of one runway and a taxi strip. It amounts to $300,000, and it is the first stage of the runway which will probably be completed next year.

Mr. White (Middlesex East): Will the minister indicate what the plans are for Crumlin airport at London?

Mr. Chevrier: There is nothing in these estimates for London.

Mr. Green: The minister was going to say something about the purchase of the Vancouver airport, but apparently the only item in this vote is for the extension of a runway, or is it for a new runway?

Mr. Chevrier: It is a new runway.

Mr. Green: What is the position now with regard to the dominion taking over the airport? We understood from press dispatches about two weeks ago that an agreement had been reached under which the government would take over the airport entirely. Is that the case, and if so, what are the terms of the agreement?

Mr. Chevrier: No agreement has been reached. I received representations from a city council delegation barely two weeks ago. I listened to their representations in which they asked us to take over the airport, and we are giving the matter consideration. It means the sending of some people out there to talk things over with the city officials, but there is nothing definite at this stage.

Mr. Diefenbaker: The minister has given a general outline of some of the larger expenditures. He mentioned Regina, which is certainly necessary. I should like to secure from him a statement indicating what other expenditures are to be made for the construction or acquisition of buildings or lands and new equipment in Manitoba, Saskatchewan and Alberta.

Mr. Warren: Before we get away too far—

Mr. Chevrier: May I be allowed to answer the hon. member? At Saskatoon there is provision for repairs to a double hangar amounting to $20,000. There is an additional small item for Saskatoon of $3,500. Then there is an item for Swift Current of $2,500; Moose Jaw, $57,000; two additional items for Saskatoon, installation of new heating unit in garage, $6,000, and construction of vaults for runway lighting transformers, $4,000; two additional items for Swift Current, which I overlooked a moment ago, repairs to hangar roof, $20,000, and repairs to runway, $17,000; North Battleford, $3,000.

Mr. Diefenbaker: What was Moose Jaw?

Mr. Chevrier: Repairs to runway and other facilities, $57,000; Yorkton, installation of lighting system, $4,500; Yorkton, construction of vaults for runway lighting transformers, $3,000. There are several items for Winnipeg, the main ones being improvement of terminal facilities, $75,000; repairs to hangar, $25,000; and repairs to east-west runway and north taxi strip, $38,000. At The Pas there is provision of pumping system and water supply pump house, $5,000; Brandon, $20,000; Dauphin, $30,000.

Mr. Diefenbaker: What are those for, runways?

Mr. Chevrier: Embarras, Alberta, $48,000; Fort McMurray, $10,000; Grande Prairie, $10,000; Grande Prairie, another item, $60,000, reconditioning and extending of field drainage; Lethbridge, $40,000, and a considerable number of items in the Northwest Territories.

Mr. Drew: I should like to ask the minister what the plans are for the Ottawa airport and what expenditure is contemplated for this year?

[Mr. Green.]

Mr. Chevrier: There is a substantial plan for the development of Uplands airport which has been worked out in co-operation with the Department of National Defence, arising out of the committee I mentioned a moment ago. It is a three-stage plan which provides for the construction of runways. The first stage for this year is the construction of two runways. The contract has already been awarded and it amounts roughly to $1,500,000.

Mr. Drew: That is actual construction this year?

Mr. Chevrier: That is right. The contract has been awarded and the contractor is now on the job.

Mr. Drew: Is any part of that to be applied to the improvement of the building used for the accommodation of passengers?

Mr. Chevrier: No; the whole of this amount is for the construction of a new runway.

Mr. Warren: I was wondering if the Minister of Transport could not save a few of these dollars and use them to build us a bridge from Morrison's island to Pembroke.

The Deputy Chairman: Order.

Mr. Warren: I do not think that is out of order. This is something we have needed for fifty years.

Mr. Drew: Are they putting in an air service there? Coming back to the building at the airport here, I think we should have in mind facilities consistent with those ordinarily available at corresponding airports. I do not subscribe to the idea that everything should be done on an elaborate scale simply because Ottawa happens to be the capital of Canada, but it is the centre of a great many activities and particularly those related to the business of government, which uses air transportation to a greater extent each year; and the accommodation at Uplands airport is not in keeping with the importance of that airport. In the first place the building is too small. In the second place a very important consideration at a point where many passengers are meeting and changing planes is some opportunity to get meals and other things passengers require. If it is not considered advisable to actually change the building at the present time to provide proper accommodation, I do believe consideration should be given to a temporary concession of some kind for facilities of that nature. Speaking as a member with a very direct interest in that airport, and also as one who uses it considerably, I must say it is very noticeable that

its facilities are really less satisfactory than perhaps at any airport of similar importance elsewhere in this country.

Mr. Chevrier: I agree substantially with what the hon. member has said in connection with the administration building, but I think he will agree with me that it would be foolish to spend large sums of money there when the whole plan provides for a change of site. While this three-stage plan I referred to a moment ago means the construction of air facilities, it also means that a new administration building will have to be provided. How soon it will be possible to do that I do not know, but I can assure my hon. friend that all the buildings put up by national defence will be new buildings, and we propose to set aside a site for a new administration building. Incidentally I am reminded by someone here that most of the new site is in the constituency of my colleague the hon. member for Russell.

Mr. Drew: Yes, the location is changed slightly, but that is quite apart from the point; and the minister will have noticed that I qualified the remark I was making because of my recognition of that fact. But it is an airport of importance to the whole of this community and, I suggest, to the whole of the country. Now that the point has been raised, while I may be simply emphasizing something that has been under discussion may I seek to impress upon the department the tremendous importance of a complete co-ordination of plans between the Department of National Defence and the Department of Transport in regard to construction of this nature. I have already conceded that with the tremendous expansion during the last war it was not possible to fully anticipate the extension of air service that was going to take place. But recognizing now the increasing rate at which air transportation is becoming part of our general system of transportation in this country I would suggest that every effort be made to construct defence buildings at locations where they will be of subsequent use in the plans for civil aviation in the years ahead.

I am not suggesting that it could have been avoided in many cases, but we all know that many costly buildings were disposed of after the war for comparatively small sums because they had been erected in localities where they could not be used. No doubt that was bound to happen in some cases; nevertheless there were many instances in which airports could have been sited more effectively in relation to future civil aviation development. Right across Canada today plans have been worked out by municipalities for shorter air services, what are described as feeder lines. Those plans should be considered in the construction carried on both by this department and by national defence. Just as one example, I know plans have been carried forward quite far for an airport that would serve the cities of Guelph, Kitchener, Waterloo and Galt. If a new airport is to be built anywhere in that area I would suggest that it be built in complete co-operation and co-ordination between the Department of Transport, the Department of National Defence and the municipalities, so that after its military use has become unnecessary it may be put into civilian service. I would also point out that to a substantial extent it could probably provide civilian service at the same time the military activities were being carried out. I am sure there must be similar examples right across the country, and I do believe this is a time to carry out an integration of plans between the Department of Transport, the Department of National Defence and the municipalities to a greater extent than has been the case in the past.

Mr. White (Middlesex East): The minister has made the statement that no provision has been made in these estimates for the airport at London. In view of the fact that supplementary estimates will be presented; in view of the further fact that at the London airport there is a very active reserve air force squadron, and the further fact that this is a thickly populated area, I would urge that consideration be given to including sufficient funds in the supplementary estimates to make provision for the improvement of the airport at that point.

Mr. Chevrier: The hon. member for London has already made representations to me along those lines, and I shall be glad to give them consideration together with the representations just made.

Item agreed to.

524. Grants to organizations for the development of civil aviation, in the amounts detailed in the estimates, $310,000.

Mr. Fulton: My recollection is that a year or two ago a program was announced under which the Department of Transport would pay $100 to civilian flying clubs for each pilot who got his wings as a result of the training he took with that club. Then, I believe there was to be in addition a payment of $100 to every pilot so qualified who would join the reserve air force. Will the minister tell us how many pilots have been qualified through flying clubs under this program?

Mr. Chevrier: Yes, last year we spent $148,000 which provided for the payment of $100 to 76 clubs and schools, and $100 to 765 pilots.

Mr. Fulton: Have I got the basis correct? It is $100 per pilot qualified?

Mr. Chevrier: Yes, and per club.

Mr. Fulton: That means there were 765 pilots who were qualified last year?

Mr. Chevrier: That is right.

Mr. Fulton: Through flying clubs?

Mr. Chevrier: That is right, and there is a further provision in these estimates for $250,000 which we expect to pay.

Mr. Fulton: I have not the comparative figure at the moment, but would that figure be an increase over the previous year?

Mr. Chevrier: A substantial increase.

Mr. Fulton: This program appears to be producing results?

Mr. Chevrier: It is, very much so.

Mr. Fulton: Does the minister know what proportion of the pilots have joined the reserve air force?

Mr. Chevrier: I am informed 22 to date.

Mr. Fulton: Out of a total of something over a thousand?

Mr. Chevrier: A total of 1,279 in 1950-51.

Item agreed to.

Air transport board—

528. Salaries and other expenses, including the Canadian delegation to the International Civil Aviation Organization, $247,741.

Mr. Green: On item 528, which is the air transport board, the Turgeon commission recommended that the work of this board should be taken over by the board of transport commissioners. Can the minister tell us whether anything of that nature is to be done during the present fiscal year, or will the air transport board be continuing for the year?

Mr. Chevrier: I do not think there is any doubt but that the air transport board will continue as it is for the present year.

Mr. Green: What about the long-range plan?

Mr. Chevrier: No decision has been made on that yet, as I indicated earlier. There is no change from the statement I have already made.

Mr. Green: This vote includes some funds for representation at the international civil aviation organization. Why does that representation come from the air transport board?

[Mr. Fulton.]

Mr. Chevrier: This vote used to be paid by external affairs, and it has been transferred from them to us. It is to provide for the permanent delegation at ICAO in Montreal. There is Mr. Booth, who is the main delegate, with two or three others, and this is a provision for the payment of their salaries.

Item agreed to.

Board of Transport Commissioners for Canada—

529. Salaries of commissioners, administration, operation and maintenance, $681,220.

Mr. Argue: I listened with considerable interest the other day to the statement by the Minister of Transport in relation to the box car situation in western Canada. I am pleased that the minister was able to report that some considerable improvement has taken place. I do not need to go into the details he outlined in that statement, but the net balance of Canadian box cars in the United States has been reduced from 18,000 to about 7,000.

Mr. Chevrier: Mr. Chairman, I do not want to interrupt the hon. member, but I do not see how he can discuss box cars under the board of transport commissioners item. There was an item under which we could have discussed that, and we did discuss it quite fully. I am asking the chairman to rule that this is not an item under which we could discuss box cars. I hope my hon. friend will assist me, because after all I am anxious, in all fairness to myself and to the committee, to get on with the work. There has been no attempt at curtailing discussion, I am sure.

Mr. Argue: Just on the point of order, I want to point out to the minister that the board of transport commissioners certainly has something to do with the box car situation because I have a clipping—I have not got it with me—which indicates that a few weeks ago this question was discussed by the freight association before the board of transport commissioners.

Mr. Chevrier: But that is a different thing altogether. An application was made to the board of transport commissioners asking the board to impose a maximum loading order on box cars. This has nothing to do with the movement of grain, and it is there ways that provide the box cars for the movement of grain, not the board of transport commissioners.

Mr. Argue: No, but the maximum loading—

Mr. Chevrier: I do not want to get into an argument with my hon. friend that will continue for ten or fifteen minutes. If the chairman rules it is in order, I shall sit and listen.

Mr. Knowles: Was there not something in the news tonight, to the effect that the board of transport commissioners have made a ruling with respect to box cars?

The Deputy Chairman: Even though I should like the discussion to be as full as possible, I think that we ought to take into consideration the fact that when the first administration item of this department was put before the committee, this matter of the allocation of box cars throughout the country was fully discussed. Today the minister says that does not come under this item. I think hon. members should refrain from referring to this matter again.

It is also true that matters concerning applications made before the board should not be discussed under this item, which is a provision for the salaries of the commissioners and the employees.

Mr. Wright: But, Mr. Chairman, the board of transport commissioners very definitely has something to do with the allocation of box cars between the various industries in this country, for instance, as to whether they will be used for the pulp and paper industry or whether they will be sent to western Canada to be used for the movement of grain.

Mr. Chevrier: If it will assist my hon. friends, I shall tell them that there will be an opportunity to discuss this at a later date?

Mr. Wright: On what date?

Mr. Chevrier: On the supplementary estimates.

Mr. Wright: If it is in order on the supplementary estimates why is it not in order now?

Mr. Chevrier: Not on this item.

Mr. Wright: Under what item?

Mr. Chevrier: Under the administration item, just as it was discussed under the administration item before.

Mr. Wright: If it can be discussed under the administration item on the supplementary estimates, why can it not be discussed now?

Mr. Chevrier: The board does not deal with box cars.

Mr. Wright: Does the minister mean to say that the board of transport commissioners has nothing to do with the loading and distribution of box cars?

Mr. Chevrier: This is what I wanted to avoid. My friend evidently wants to draw me into a discussion which would take five or ten minutes, and that is what I wanted to avoid. If the chairman had ruled that this item could be discussed under this vote I would have sat and listened, but I submit that the chairman has made his ruling and I think my friend should submit to the ruling.

Mr. Stanfield: Mr. Chairman, I may be somewhat out of order too. I did not know under what item I could bring this matter to the attention of the minister. On previous occasions when the transport estimates were up, I asked the minister to give consideration to having a faster passenger train run between Halifax and Montreal. Since then I have learned from railway officials that it is not feasible, owing to the roadbed and other considerations, to run the train any faster. There are three trains that come from Halifax—

The Deputy Chairman: Perhaps the hon. member would consider asking this question on the further supplementary estimates when the administration item for the department comes before the committee. In my opinion what the hon. member is putting forward now does not come under this item.

Mr. Knowles: Mr. Chairman, do not questions relating to the running of trains, their speed and so on, come under the jurisdiction of the board of transport commissioners?

The Deputy Chairman: It is my view—perhaps I should study the matter further—it is not in order to discuss in this committee, where we study the payments of the salaries and the operation and maintenance of the board of transport commissioners, the matters which are susceptible of being the substance of an application to be made to that board. That is my view; otherwise this item could be discussed for a long time. Probably the hon. member would like to have a certain railway line built between two points which might be the substance of an application before the board. Under the administration item suggestions of that kind could be brought forward, but I do not think on this particular item it is in order to discuss whatever might be the subject matter of an application before the board on which it might render a certain judgment. It may be that I am not exactly right in my interpretation of the rule of strict relevancy. I am quite willing to look it up and think it over further but that at the moment is the way I look at it.

Mr. Balcom: This matter of transportation is of vital importance to the maritime provinces. We are greatly handicapped, as everyone knows, because of the distance we are from the central provinces. Will the minister tell me what steps are being taken at this time to implement the findings of the royal commission?

Mr. Chevrier: I have already indicated that the government have established a committee to deal with amendments to the Railway Act. It has not been found possible to submit them to the cabinet, but I hope it will be possible to do so. I hope it will be possible to implement these recommendations by legislation at this session.

Mr. Knowles: There is a matter that I wish to take up under this item as well, a matter that on many occasions we have taken up at this point in the estimates, and it seems to me that it is in order; but I was waiting until some of the other hon. members had their chance to speak on matters in which they were interested.

Mr. Fournier (Hull): That is unusual.

The Deputy Chairman: May I point out to the hon. member that I myself recall that matters such as freight rates, and other matters as well, were discussed fully on this item, but that was because when the matter was raised prior to the estimates coming before the committee the minister had said: "Well, there will be opportunities to discuss this matter when my estimates come before the house." And by general agreement it had been understood that it would be discussed let us say on the item concerning the board of transport commissioners; but I do not think any such agreement has been made at this time that we are to discuss for instance freight rates under this item. That is why I say that we cannot consider under this item anything which may be brought up before that board and be in order. I shall study the point, but that is the way I look at it now.

Mr. Knowles: The item is not just providing for salaries and wages. The item specifically says, "administration, operation and maintenance."

Mr. Fournier (Hull): Is this a point of order, or what?

Mr. Knowles: Well—

Mr. Fournier (Hull): Well—

Mr. Knowles: As a matter of fact, let me be quite frank. The question—

Mr. Fournier (Hull): You want to talk; that is what you want to do.

Mr. Knowles: —relates to grade crossings.

Mr. Fournier (Hull): You have been talking all day.

Mr. Knowles: I could have discussed that earlier, but I was sitting in my seat—

Mr. Fournier (Hull): Are you willing to sit until twelve o'clock?

[Mr. Balcom.]

Some hon. Members: Oh, oh.

Mr. Richard (Ottawa East): He has a cold seat.

Mr. Knowles: I wish to say something about the subject of grade crossings.

Mr. Fournier (Hull): That is not new.

Mr. Knowles: Just a minute; let us maintain our usual good humour.

Mr. Chevrier: Talk till eleven o'clock. Go ahead; you are doing fine.

Mr. Knowles: I could have made my statement on the first item, the one dealing with departmental administration, but I thought it was better to wait for the administration item of the board of transport commissioners, under whose jurisdiction this question comes, and it was under that item that we discussed it year in and year out. Therefore I submit it is in order.

Mr. Fournier (Hull): The chairman says you are wrong.

Mr. Knowles: I wish to speak on it under this item because without question it comes under the administration of the board of transport commissioners and is surely in order under the item headed "administration" of the board of transport commissioners.

Some hon. Members: Eleven o'clock.

The Deputy Chairman: If the hon. member refers to the railway grade crossing fund, which is included in this item, and if he looks at the detail on page 504, he will see that what is directly relevant to this item when we come to the grade crossing fund is the contribution of $1 million. I do not suppose that he could then discuss that certain railway grade crossings should be built at certain places and not at other places—

Mr. Fournier (Hull): You do not know the hon. member; he could.

Mr. Knowles: What was that?

Mr. Chevrier: I cannot resist that. The Minister of Public Works said: "You do not know the hon. member; he could".

Mr. Knowles: All I can say to that is, "hear, hear". I draw your attention, Mr. Chairman, to the fact that the item to which you have drawn my attention is a statutory item that we do not discuss at all. We are not permitted to discuss it. The item is put in for our information, but part of the information that it gives us is that the administration of the grade crossing fund is one of the items administered by the board of transport commissioners. I would gladly argue the case of the hon. member for Colchester-Hants or the hon. member for Halifax or the hon.

member for Assiniboia, and I would certainly argue my own case. I suggest, sir, that you look up the record of the previous sessions and I think you will find that we have had these discussions on this item year in and year out. But I see it is eleven o'clock.

The Deputy Chairman: It looks as if we might be right on a half and half basis. We shall have to consider the matter.

Item stands.

Progress reported.

BUSINESS OF THE HOUSE

Mr. Fournier (Hull): Mr. Speaker, tomorrow we will continue the debate on—

Some hon. Members: Tomorrow?

Mr. Knowles: The minister and I will be here.

Mr. Fournier (Hull): I would not miss you for a lot. On Monday we will continue the debate on the amendment of the leader of the opposition (Mr. Drew) on the motion to go into supply. When we reach the committee of supply stage we will call four departments as announced when the motion was moved, and also an item of external affairs, because so many members wish to have these estimates referred to the standing committee on external affairs. Then we will proceed with the two resolutions in the name of the Prime Minister (Mr. St. Laurent) concerning Laurier house and Kingsmere park. I understand these are not contentious. Then we will take up Bills Nos. 191 and 192.

Mr. Fulton: May I ask the minister if that means that five departments will be called when we go into committee of supply?

Mr. Fournier (Hull): Right.

Mr. Fulton: Is that not rather a lot?

Mr. Fournier (Hull): I thought the hon. gentleman would raise that question.

Mr. Fulton: Why did you not deal with it before, then?

Mr. Fournier (Hull): Since the opening of the session on January 30 I have tried, I do not know how many times, to get into supply, but I was successful once on March 12. Ever since then many hon. members have had important questions to discuss, and I have only four departments in, one of which is nearly completed. We expect next week to bring on national defence. Agriculture—I tried to have that, but I did not succeed. Bringing in five departments makes no difference. We cannot go into supply on Monday, Tuesday or Wednesday without putting a formal motion at which time any hon. member may stand in his place and air his grievances. So it does not change the procedure.

Mr. Drew: Mr. Speaker, I have no thought of saying anything that will in any way change the pleasant mood in which the Minister of Public Works again finds himself. But I would not wish to leave the impression on *Hansard* that the reason for more departments not being called at this time is through any failure on the part of members on this side of the house to wish to proceed with the business of the house.

My own opinion is the time has now come for members of the house to face the fact that the business of the house could be handled much more expeditiously than it is if it were done on a more orderly basis, with knowledge in advance as to what we are going to discuss, and with some opportunity, with preparation in advance, to meet the subject we wish to discuss.

That suggestion has been made before, and I am sure many of these debates are unnecessarily lengthened by the fact that they are brought up unexpectedly and then, in the very nature of things, ideas keep occurring and new debates are precipitated through the injection of new considerations. I think that without prolonging the discussion at this time I should very properly say that if the need has now arrived for calling more departments than is customary, it is only because the business of the house is not better organized. When I say that I am not being critical directly of the Minister of Public Works, who directs the affairs of the house, but rather of the fact that we have not thus clearly defined the plans and procedure which make the business at Westminster proceed much more smoothly than it does here.

Mr. Fournier (Hull): Generally I like to see the leader of the opposition have the last word, but this evening I think I should have it. If I said or implied that the opposition was not doing a good job, then I must apologize immediately. On the other hand I would not want the leader of the opposition to leave the impression in the house or in the country that the government is not doing a good job, too.

We try to announce in advance the work we have ahead of us. If ever the hon. member is seated on this side he will understand the difficulty we have in trying to please the opposition. It is very, very difficult to tell them in advance what we are going to do, because there are not three members on the other side of the house who would agree with

us. We have to do the best we can and hope that some time before fall we might complete our work.

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

[The following items were passed in committee of supply]:

DEPARTMENT OF TRANSPORT

493. Prince Edward Island car ferry and terminals —to provide for the payment during the fiscal year 1951-52 to the Canadian National Railways company (hereinafter called the national company) upon applications approved by the Minister of Transport made from time to time by the national company to the Minister of Finance and to be applied by the national company in payment of the deficit (certified by the auditors of the national company) in the operation of the Prince Edward Island car ferry and terminals arising in the calendar year 1951, $1,280,000.

495. Canadian National (West Indies) Steamships, Limited—to provide for the payment from time to time to the Canadian National (West Indies) Steamships Limited (hereinafter called "the company") of the amount of the deficit occurring during the year ending December 31, 1951, in the operations of the company and the vessels under the control of the company, as certified by the auditors of the company, and upon applications made by the company to the Minister of Finance and approved by the Minister of Transport, not exceeding $845,000.

501. Maritime Freight Rates Act—for the payment to the railway companies operating in the select territory designated by the act, during the fiscal year 1951-52, of the difference occurring on account of the application of the act, between the tariff tolls and normal tolls under approved tariffs (estimated and certified to the Minister of Transport by the Canadian National Railway Company and approved by auditors of the said company respecting the eastern lines of the Canadian National Railways, and in the case of the other railways by the board of transport commissioners for Canada) on all traffic moved during the calendar year 1951 (chap. 19, statutes of 1927, as amended), $9,125,000.

503. Railway employees' provident fund—to supplement pension allowances under the provisions of the Intercolonial and Prince Edward Island Railway Employees' Provident Fund Act so as to make the minimum payment during the period January 1, 1951, to March 31, 1952, the sum of $30 per month instead of $20 as fixed by the said act, $14,250.

Air services—telecommunications division —

Airways and airports—radio aviation services—

504. Administration, operation and maintenance, $4,707,545.

505. Construction or acquisition of buildings, works, land and new equipment—capital, $1,499,200.

Radio Act and Regulations—

506. Administration, operation and maintenance, including contributions as Canada's share of the administrative costs of various international radio, telegraph and telephone conferences, as detailed in the estimates, $898,836.

507. Construction or acquisition of buildings, works, land and new equipment, $52,850.

Radio aids to marine navigation—

508. Administration, operation and maintenance, $1,819,983.

509. Construction or acquisition of buildings, works, land and new equipment, $200,000.

Suppression of radio interferences—

510. Administration, operation and maintenance, $378,803.

511. Construction or acquisition of buildings, works, land and new equipment, $27,600.

512. Issue of radio receiving licences—(transport department only), $719,668.

Telegraph and telephone service—

513. Administration, operation and maintenance, $1,440,729.

514. Construction or acquisition of buildings, works, land and new equipment, $450,100.

Northwest communication system—

515. To provide for the difference between the expenditures for operation and maintenance and revenue accruing from operations during the year ending March 31, 1952, $100,659.

516. Construction or acquisition of buildings, works, land, and new equipment—capital, $361,478.

Meteorological division—

Meteorological services—

517. Administration, operation and maintenance, $6,116,836.

518. Construction or acquisition of buildings, works, land and new equipment, $449,350.

Civil aviation division—

519. Control of civil aviation, including the administration of the Aeronautics Act and regulations issued thereunder, $768,060.

Airways and airports—

Operation and maintenance—

520. Civil aviation services, $8,808,885.

521. Airway and airport traffic control, $1,203,247.

Construction services—

522. Administration, $749,582.

HOUSE OF COMMONS

Monday, April 30, 1951

The house met at three o'clock.

HOUSE OF COMMONS

VISIT TO TORONTO BY MEMBERS OF PARLIAMENT

Mr. W. G. Weir (Portage-Neepawa): Mr. Speaker, I rise on a question of privilege which I am sure that you and the house will willingly grant to me. You may have noticed that there were a few members absent from this chamber last Friday. The reason for their places being vacant was that the board of trade of the city of Toronto extended an invitation to the entire membership of the House of Commons to be their guests for three days this last week end.

Something over 130 members and their wives, amounting in all to a party of over 200 people, accepted that invitation. This visit to Toronto was one of the best good will trips which it has ever been our privilege to be associated with. It was handled from start to finish in a magnificent manner. On behalf of the members of the House of Commons who made this trip I want immediately to express our warmest appreciation to the board of trade for the arrangements made and the manner in which they were carried out. We spent three full days there, and every moment there was something planned for our enjoyment or something of interest for us to see.

While one would not wish to single out individuals, I do think that special reference should be made to Mr. Gerald Godsoe, president of the board of trade, and Mr. F. D. Tolchard its manager, who were mostly responsible for the arrangements. They were with us continuously, and did everything they could to make our visit both profitable and enjoyable. I think I should also mention the courtesy of the individual members of the board of trade in inviting members to their homes last evening. We from distant places are also indebted to the members of the House of Commons from Toronto who assisted in every way, thus adding to the pleasure of our trip, particularly in meeting their friends.

I think a special reference should be made to the Toronto transportation commission, which placed their buses at our service in the numerous trips we made throughout the city, as well as the Toronto police commission, who saw to it that no one got lost or went astray.

We acknowledge as well the courtesies extended to us by His Honour the Lieutenant Governor, the premier and government of Ontario, the mayor and city council of Toronto, the Massey-Harris Company, Canada Packers Limited, A. V. Roe Canada Limited, the Toronto harbour commission, the management of Hart House, the staff of Sunnybrook hospital, and the Maple Leaf Gardens.

Of special interest to the ladies in the party, visits were arranged to the Toronto art gallery, the Sick Children's hospital, Sunnybrook hospital, and the Royal Ontario museum.

In addition, Mr. Speaker, you will appreciate knowing that the programs handed to us on our arrival were printed in both French and English.

This brief acknowledgment does not permit one to say all that should be said. There are, however, two items of sufficient general interest which might properly be mentioned. One is the Regent park housing development, and the other the Toronto rapid transit system. When some of us visited Toronto three years ago these developments were being talked about and planned. Today they are both well under way. The Regent park housing development is one of the first joint undertakings looking towards the removal of slum dwellings and replacing them by fully modern low rental housing units. The rapid transit underground development is the first of its kind to be attempted in the Dominion of Canada, and reflects great credit to the people of Toronto for their faith and foresight in looking to the future.

The city of Toronto, Mr. Speaker, "sold" Toronto to the membership of the House of Commons in a magnificent manner, and in so doing has given the people of other parts of Canada, from the Yukon and Mackenzie territories to our baby sister province of Newfoundland, an opportunity of seeing something of the problems of a large and growing industrial city, and how it attacks them. Toronto has of course long been recognized as the leading industrial and financial centre of Canada, with connections all over the country and in many places outside of Canada. It is recognized as well as

the educational and cultural centre, at least for the English-speaking portion of our population. It has kept itself well to the forefront through its two annual exhibitions, its international trade fair, and the numerous conventions which have selected Toronto as their meeting place. It is also recognized as having a very good hockey team, and, as we from Manitoba have found out, an equally good rugby team.

It is just about one year ago, Mr. Speaker, that a large part of the province of Manitoba, including the cities of Winnipeg and St. Boniface, suffered one of the most serious disasters in property destruction that has ever happened in Canada, through the flooding of the Red river. The generous response in material and financial aid from all over Canada, and from many places outside of Canada, was immediate, magnificent and generous. Among those first to offer aid in a very practical and generous manner was the city of Toronto, and as a Manitoban I want to add this as a further word of appreciation.

This acknowledgment is inadequate and far from being complete. We profited by every moment spent in Toronto, and, what is more important, we met and made a lot of new friends.

The board of trade of Toronto and all those associated with our visit are to be complimented, both for promoting the idea in the first place, and, even more so, for the manner in which it was carried out. On behalf of the members of the House of Commons and their ladies who made the trip we say: Thank you, Toronto board of trade.

REPORTS OF COMMITTEES

Third report of standing committee on banking and commerce.—Mr. Cleaver.

Second report of special committee appointed to consider Bill No. 79, respecting Indians.—Mr. Brown (Essex West).

VACANCY

Mr. Speaker: I have the honour to inform the house that I have received the resignation of Ralph Maybank, Esquire, as member for the electoral district of Winnipeg South Centre. I have accordingly issued my warrant to the chief electoral officer to make out a new writ of election for the said electoral district.

HOCKEY

WINNING OF EASTERN CANADA JUNIOR CHAMPIONSHIP BY BARRIE FLYERS

Mr. J. H. Ferguson (Simcoe North): Mr. Speaker, on a point of personal privilege, I do not think that the occasion of the visit of the members of the House of Commons and their wives to Toronto should go by without bringing to the attention of the house the fact that one of the highlights of their visit was one of the greatest hockey spectacles that has ever been provided for the public in the great arena in Toronto. I refer to that outstanding team, the Barrie Flyers. The Barrie Flyers come from my constituency, and I am sure that all who saw the game will agree that they put on a hockey spectacle second to none, and that the young men who made it possible for us to enjoy the game and who won the championship for this part of Canada deserve a great deal of credit. The coach and sponsor of the team and the town from which it comes should be exceedingly proud.

QUESTIONS

(Questions answered orally are indicated by an asterisk.)

IMPERIAL SERVICE ORDER

Mr. Fraser:

1. Have any awards of the Imperial Service Order been made since 1930?
2. If so, to whom, and when?
3. Do these awards apply only to a special category of government employee? If not, to what other persons do they apply?
4. In what department of the government were the recipients employed?
5. Were any such awards made to retired government employees?
6. If so, on what dates, and what were the dates of retirement?
7. Were any such awards made to persons not employed by the government? If so, where were they employed?

Mr. Bradley:

1. Yes; 39.

2. June 3, 1935, Anderson, George Clayton—superintendent of mail service, Post Office Department; Patenaude, Joseph Oscar—king's printer; Rorke, Colonel Herbert Victor—retired chief accountant, Department of National Revenue; Ross, Donald Henry—retired, Canadian government trade commissioner in Australia; Scott, David John—collector of customs and excise; Watson, Harrison—retired chief Canadian government trade commissioner in the United Kingdom.

June 2, 1943, Barnstead, Arthur S.—deputy provincial secretary of Nova Scotia; Bedard, Avila—deputy minister of lands and forests of Quebec; Blair, Frederick C.—director of immigration, Department of Mines and Resources; Bulmer, Charles F.—clerk of the executive council of Ontario; Cathcart, Henry—deputy minister of lands of British Columbia; Coolican, P. T.—assistant deputy Postmaster General; Heagerty, Dr. John J.—

director, public health services, Department of Pensions and National Health; MacPhail, John G.—director, marine services, Department of Transport; Paterson, Hugh D.—inspector of income tax; Robichaud, D. T.—superintendent, bureau of translations.

July 1, 1946, Andison, R. A.—clerk of the executive council of Alberta; Beaulieu, Hormisdas—secretary, Post Office Department; Blois, Ernest H.—deputy minister of public welfare of Nova Scotia; Castonguay, Jules—chief electoral officer; Evans, James H.—deputy minister of agriculture of Manitoba; Fortier, Henri—chief inspector, Post Office Department; Gibson, R. A.—director, lands, parks and forests branch, Department of Mines and Resources; Johns, Francis V.—assistant provincial secretary of Ontario; Jolliffe, Arthur Leigh—director of immigration, Department of Mines and Resources; Jost, Edward B.—general superintendent of canals, Department of Transport; Lafontaine, Charles Edward—inspector of customs and excise; Lax, Thomas—deputy provincial treasurer of Saskatchewan; Lewis, F. Harold—general executive officer, Department of National Revenue; MacMillan, Louis B.—deputy minister of public works of Prince Edward Island; Payne, Chester—deputy minister of national war services; Prince, Gilbert H.—deputy minister of lands and mines of New Brunswick; Rodd, James A.—director of fish culture, Department of Fisheries; Ronson, W. C.—assistant deputy minister of finance; Sharman, Colonel C. H. L., retired—chief, narcotics division, Department of National Health and Welfare; Valin, Joseph G. A., retired—chief dominion analyst; Vallee, Ivan E.—deputy minister of public works of Quebec; Walker, Paschal—deputy provincial secretary of British Columbia; Way, Ernest O.—director of weights and measures, Department of Trade and Commerce.

3. The statutes of the Imperial Service Order ordain that only members of the administrative or clerical branches of the civil service who have rendered at least twenty-five years meritorious service shall be eligible to be a Companion of the Order.

4. See answer to No. 2.

5. Yes; see answer to No. 2.

6. Rorke, Colonel—retired—April 30, 1935—award made June 3, 1935; Ross, Donald Henry—retired April 20, 1934—award made June 3, 1935; Watson, Harrison—retired June 13, 1934—award made June 3, 1935; Sharman, Colonel—retired April 1, 1946—award made July 1, 1946; Valin, Joseph G. A.—retired May 27, 1946—award made July 1, 1946.

7. No. The recipients were at the time of the awards or had been previously in the service of either the federal or the provincial governments.

CANADIAN DESTROYERS IN KOREAN WATERS—OFFICERS AND RATINGS

Mr. Pearkes:

How many, if any, officers and ratings, other than those of the active component of the Royal Canadian Navy, are serving or have served in H.M.C. destroyers which have seen service in far eastern waters off Korea?

Mr. Blanchette: Two officers and thirteen men of the Royal Canadian Naval reserve.

ST. LAWRENCE WATERWAY

Mr. Diefenbaker:

1. Has a division in any department of government been set up for the purpose of exploring development of the St. Lawrence waterway?
2. If so, in what department, and when was such division constituted?
3. How many persons are on the staff, and who is in charge?

Mr. Benidickson: No division has been established for the specific purpose mentioned, but the work of the special projects branch of the Department of Transport includes continuous studies of the St. Lawrence waterway and the preparation of designs, plans, etc., of power and navigation phases of the project. Mr. Guy Lindsay is director of the special projects branch, and a total of twenty-one persons are employed in the unit.

CHICOUTIMI-GRANDE BAIE, QUE., MAIL SERVICE

Mr. Gagnon:

1. Who has the contract for carrying the mail between Chicoutimi and Grande Baie via the offices of Bagotville and Port Alfred, Quebec?
2. What is he paid for this service?
3. When does the contract expire?

SAGUENAY AIRPORT-CHICOUTIMI AND LAPOINTE COUNTY POST OFFICES—MAIL SERVICE

Mr. Gagnon:

1. Who has the contract for carrying the mail between Saguenay airport at Bagotville and the post offices of the counties of Chicoutimi and Lapointe?
2. What is paid for this service?
3. When does the contract expire?

Mr. Langlois (Gaspe): These two questions refer to the following service: Jonquiere-Kenogami and airport at Bagotville, via: Arvida, Chicoutimi, Bagotville, Port Alfred, Grande Baie.

1. Johnny Renaud.
2. $2,890 per annum.
3. December 31, 1954.

Questions

NOVA SCOTIA COLD STORAGE PLANTS—GOVERNMENT ASSISTANCE

Mr. MacLean (Cape Breton North and Victoria):

1. Has the government given any financial assistance during the past ten years to any company or companies for the erection of cold storage plants in Nova Scotia?

2. If so (a) what amounts have been paid to each; (b) were such amounts by way of loan or outright gift; (c) where are such plants located?

Mr. Gardiner:

1. Yes.

2. (a)

United Fruit Companies of Nova Scotia Ltd.	$140,314.08
United Fruit Companies of Nova Scotia Ltd.	79,950.36
Musquodoboit Valley Co-operative Ltd.	3,755.81
United Fruit Companies of Nova Scotia	63,486.62
Aca Cooperative Association Ltd.	14,211.39
Scotsburn Cooperative Creamery Co. Ltd.	8,341.21
Farmers Cooperative Dairy Ltd.	5,821.70

(b) Subsidies for cold storage warehouses under the Cold Storage Act.

(c) United Fruit Companies of Nova Scotia, Coldbrook, N.S.; United Fruit Companies of Nova Scotia, Canning, N.S.; Musquodoboit Valley Cooperative Ltd., Middle Musquodoboit, N.S.; United Fruit Companies of Nova Scotia Ltd., Middleton, N.S.; Aca Cooperative Association Ltd., New Minas, N.S.; Scotsburn Cooperative Creamy Co. Ltd., Scotsburn, N.S.; Farmers Cooperative Dairy Ltd., New Glasgow, N.S.

BANK LOANS

Mr. Diefenbaker:

1. Have further statements been issued, or directives sent out since February 22, 1951, to chartered banks regarding the need for restraint in lending activity?

2. If so, on what date or dates, what are the particulars, and what are the suggested measures to be taken by the chartered banks?

3. What was the total amount of bank loans on the security of instalment finance paper (a) on February 22, 1951; (b) at this date?

4. What was the amount of the chartered banks total loans, on each of the above dates?

Mr. Sinclair:

1. No.

2. Answered by No. 1.

3. The monthly return of liabilities and assets of the chartered banks of Canada to the Minister of Finance does not provide for details of the current loans in Canada. Section 115 of the Bank Act requires the banks to transmit once in each year to the minister a return of the aggregate amount of all loans made in Canada outstanding at a date specified by treasury board, classified according to industries and businesses, and the treasury board may make such regulations as may be deemed necessary to give effect to the provisions of section 115. On September 30, 1950, the date of the latest return, loans to instalment finance companies aggregated $96·5 million.

4. The two latest monthly returns of liabilities and assets of the chartered banks show the following:

(In millions of dollars)

	February 28 1951	March 31 1951
Current loans and discounts in Canada, not otherwise included, estimated loss provided for	$2,735·5	$2,855·7
Current loans and discounts elsewhere than in Canada, not otherwise included, estimated loss provided for	256·2	252·3
Call and short (not exceeding thirty days) loans in Canada on stocks, debentures, bonds and other securities of a sufficient marketable value to cover	108·9	94·3
Ditto—elsewhere than in Canada	113·7	96·4
Loans to provincial governments	35·6	29·4
Loans to cities, towns, municipalities and school districts	100·8	122·8
Non-current loans, estimated loss provided for	1·3	1·3
	$3,352·0	$3,452·2

UNITED NATIONS ASSOCIATION IN CANADA

Mr. Gagnon:

1. Who are the officers of the United Nations society in Canada?

2. When was this society founded, and by whom?

3. Does this society receive a grant from the government?

4. If so, from what department?

5. What is the annual amount, and for what reason?

Mr. Pearson:

1. The United Nations association in Canada has a national office in Ottawa and, on January 1, 1951, had twenty-two branches from coast to coast. The patron of the association is His Excellency the Governor-General, the Viscount Alexander of Tunis. The following are the national officers of the association:

National president, Vincent Price, K.C.; vice presidents, Brigadier Marcel Noel, C.B.E.; Dr. N. A. M. MacKenzie; George S. Mooney; honorary treasurer, J. Stanley McLean; chairman of the administrative committee, Major General E. L. M. Burns; national secretary, Miss Kathleen E. Bowlby.

2. The United Nations association in Canada was founded in March 1946, as the United Nations society in Canada by: Mr. F. McRae, Senator Cairine Wilson, Judge J. D. Hyndman, Mr. J. A. MacIsaac, Dr. John E. Robbins, Mr. Eric W. Morse, and Mr. Vincent Price. It changed its name in 1947 to the United Nations association of Canada. This association is, in a sense, a continuation of the old league of nations society.

3. Yes.

4. From the Department of External Affairs.

5. The present annual amount granted to the United Nations association in Canada is $10,000. The association was granted $3,000 in 1947; this was raised to $5,000 in 1948, and to $10,000 in 1950. The last increase was recommended by the external affairs committee of the House of Commons in December 1949, and was authorized by the House of Commons as provided under vote 72, main estimates, 1950-51.

The grant is given to assist the association to stimulate interest in Canada in the work of the United Nations and the specialized agencies, and to spread information in Canada on current issues before the United Nations.

SOUTH SASKATCHEWAN IRRIGATION PROJECT

Mr. Diefenbaker:

What has been the total expenditure made on the South Saskatchewan dam and irrigation project, month by month, since the 1st of September, 1950, and to date?

Mr. Gardiner:

September	$ 44,774.20
October	53,423.87
November	48,345.93
December	44,958.68
January	29,540.96
February	30,052.86
March	57,786.49
	$ 308,882.99

CHICOUTIMI COUNTY, QUE., RURAL MAIL SERVICE

Mr. Gagnon:

1. How many rural mail delivery routes are there in the county of Chicoutimi?

2. What is the (a) name of each mail carrier; (b) remuneration paid each of them; (c) distance covered by each; (d) expiry date of each contract?

Mr. Langlois (Gaspe):

1. 16.

2.

Name of Service	Contractor	Distance	Cost	Date Expiration
Chicoutimi R.R. #1	C. Maltais	31·1 mi.	$1,450.00	31-12-53
Chicoutimi R.R. #2	F. Larouche	20·2 plus an additional extension of 11 miles 3 times a week	$1,200.00	31- 3-54
Chicoutimi R.R. #3	L. Harvey	23	$1,100.00	30- 6-51
Chicoutimi R.R. #4	E. L. Tremblay	27	$1,800.00	30- 9-52
Chicoutimi R.R. #5	E. Simard	11·6	$1,100.00	31-12-51
Chicoutimi R.R. #6	V. Tremblay	31·9	$2,188.09	30- 9-54
Chicoutimi Ouest R.R. #1	A. L'Esperance	28·4	$1,700.00	30- 9-51
Grande Baie R.R. #1	O. Tremblay	12	$ 800.00	31-12-52
L'Anse St. Jean R.R. #1	R. Gagne	32	$ 800.00	30- 6-52
Laterriere R.R. #1	V. Maltais	11·1	$ 785.00	31- 3-55
Laterriere R.R. #2	R. Gagne	16·5	$ 977.78	30- 9-51
Petit Saguenay R.R. #1	S. Cote	101·2 plus an extension of 6 miles twice a week to serve Anse aux Erables post office	$3,500.00	31- 3-52
Petit Saguenay R.R. #2	J. Tremblay	32	$ 680.74	30- 6-53
Petit Saguenay R.R. #3	W. Gagnon	23	$ 520.00	30- 6-54
St. Ambroise de Chicoutimi #3	J. M. Tremblay	28·2	$ 713.92	30- 9-53
St. Fulgence R.R. #2	U. Lavoie	35·1	$ 900.00	31- 3-54

Orders for Returns

COMMUNITY PASTURES IN ALBERTA

Mr. Hansell:

1. How many community pastures are there in Alberta, and where is each located?
2. How large in acreage is each one?
3. What are the fees charged for (a) cattle; (b) horses?

Mr. Gardiner:

1. Nil.
2. Nil.
3. Nil.

POSTAL SERVICE—CANCELLATION STAMPS WITH ROMAN NUMERALS

Mr. Hodgson:

1. Has the Post Office Department sent out cancellation stamps with roman numerals on them?
2. If so, how many post offices have been issued with this particular type of cancellation stamp?
3. When were they issued to the post offices?

Mr. Langlois (Gaspe):

1. Yes.
2. 2,837.
3. Issue commenced April 5, 1948, to new post offices and other offices as replacement stamps required.

QUESTIONS PASSED AS ORDERS FOR RETURNS

CROWN ASSETS DISPOSAL, 1946-51

Mr. Diefenbaker:

1. How many (a) pieces of real property; (b) buildings, have been sold by War Assets Corporation for sums in excess of $25,000 between the first day of January, 1946, and the first day of April, 1951?
2. What was the sale price of each of said (a) properties; (b) buildings, the date of sale of each, and the names of the purchasers?
3. How many of such properties or buildings, if any, have been purchased by any department of government following sale of the same by the War Assets Corporation?
4. What was the location of each of such properties and buildings, the date of each of said purchases, and the amount of the purchase price in each case?

GYPSUM—NEWFOUNDLAND

Mr. Browne (St. John's West):

1. Who are the registered owners of the gypsum properties which are to be used for the manufacture of gypsum products by the plants being erected for the Newfoundland government?
2. Where are these properties located?
3. If the owners are companies, what are the names of the directors or officers?

Mr. Bradley: Return tabled.

LEGAL SERVICES—TORONTO, MONTREAL, WINNIPEG

Mr. Diefenbaker:

1. What lawyers practising in (a) Toronto; (b) Montreal; (c) Winnipeg, have performed legal services or have been retained as solicitors in any department of the government since the 31st of March, 1948?
2. How much was paid to each of the said lawyers?

BUTTER IN STORAGE AND SALES

Mr. Fraser:

1. How much butter did the dominion government and its agencies have in storage on March 1, 1951?
2. How much butter did the dominion government and its agencies have in storage on April 1, 1951?
3. To what firms or individuals did the government through its agencies sell butter during the month of March, 1951?
4. What amount of butter was sold to each firm or individual, and at what price in each case?

PENSION ACT

AMENDMENTS RESPECTING CHILDREN OF PENSIONED WIDOWS, BURIAL GRANTS, ETC.

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

That it is expedient to introduce a measure to amend the Pension Act to make more adequate provision for children whose mothers are pensioned as widows; to increase the payment in respect of burial grants; to advance the marriage dateline for world war I pensioners and to eliminate the said dateline in certain cases; to provide also for the removal of the means test where the children of a pensioner are continuing their education beyond the statutory age limit; and to provide further for the salaries of the pension commissioners and for certain other administrative purposes with a view to enlarging the scope of the act.

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

Motion agreed to.

GOVERNMENT EMPLOYEES COMPENSATION ACT

AMENDMENT RESPECTING ADVANCES TO COMPENSATION BOARDS, ADMINISTRATIVE CHANGES, ETC.

Hon. Milton F. Gregg (Minister of Labour) moved that the house go into committee at the next sitting to consider the following resolution:

That it is expedient to introduce a measure to amend the Government Employees Compensation Act, 1947, to provide authority to make accountable advances to provincial workmen's compensation boards on account of expenses incurred by such boards in the investigation and adjudication of claims undertaken by arrangement with the federal government; and to provide further for certain changes in connection with the administration of the act.

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

Motion agreed to.

OLD AGE PENSIONS

INQUIRY AS TO INTRODUCTION OF CONSTITUTIONAL AMENDMENT

On the orders of the day:

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, may I direct a question to the Prime Minister? In view of the latest letter from Premier Duplessis with respect to the old age pension question, in which he agrees to the constitutional amendment respecting old age pensions, but suggests that the one concerning the sales tax be dealt with later, if at all, is there any reason why the constitutional amendment respecting old age pensions cannot be proceeded with immediately?

Right Hon. L. S. St. Laurent (Prime Minister): The address with respect to the amendment concerning old age pensions is intended to be introduced separately, without waiting for the amendment on the other matter. I understand the Minister of Justice (Mr. Garson) was in telephonic communication with Mr. Duplessis today, and with Mr. Frost on Saturday, and that not a minute is being lost in endeavouring to get joint agreement on the final text to be included in the address.

ROYAL CANADIAN MOUNTED POLICE

RETIREMENT OF COMMISSIONER WOOD AND APPOINTMENT OF L. H. NICHOLSON AS COMMISSIONER—ENLARGEMENT OF DIRECTORATE

Hon. Stuart S. Garson (Minister of Justice): Mr. Speaker, I should like to make an announcement of certain important changes in the high command of the Royal Canadian Mounted Police. Commissioner S. T. Wood, C.M.G., has requested his retirement to pension, and will be succeeded by Assistant Commissioner L. H. Nicholson, M.B.E.

Due to the expansion of the Royal Canadian Mounted Police, it has been decided to enlarge the directorate of the administration and organization of the Royal Canadian Mounted Police headquarters in Ottawa. The officer selected to fill this important position is Assistant Commissioner Josaphat Brunet, at present the officer commanding "C" Division, R.C.M. Police, Montreal.

The enlarged directorate will deal with the organization of the force and its distribution in the provinces, particularly with the eight provinces with which the dominion government now has agreements. It will also direct the training, apportion strength to meet the ever-changing needs, superintend the organization of staff and similar related matters, apart from actual criminal investigation. Assistant Commissioner Brunet will

be replaced in Montreal by Superintendent Noel Courtois, who is at present serving at Edmonton.

Other related changes will be as follows: Superintendent M. F. E. Anthony, the present officer commanding at Toronto, has been selected as the new director of criminal investigation at the Royal Canadian Mounted Police headquarters, and Superintendent J. Howe of Halifax is being transferred to take Superintendent Anthony's place.

With your permission, Mr. Speaker, I should like to express the deep appreciation of the government of Canada for the magnificent service which retiring Commissioner S. T. Wood has rendered to the Royal Canadian Mounted Police and to his country in the work which he has done while a member of this famous organization. He was practically born in the force. His father was Assistant Commissioner Zachary Taylor Wood. A graduate of Royal Military College, Commissioner Wood was appointed an inspector on November 1, 1912, and will complete exactly thirty-eight and a half years' service tomorrow.

Commissioner Wood has a wide and varied experience in the force. He was overseas with the R.C.M. Police squadron in the first world war; he has seen service in all parts of the dominion, including five years in the Canadian Arctic. Indeed, his case is a shining example of the fact that the high ranking officers of the Royal Canadian Mounted Police put in their full share of service in the difficult positions.

Commissioner Wood served five years continuously in the Canadian Arctic with headquarters at Herschel island in the Arctic ocean north of Aklavik, taking his wife with his first-born son as a baby in with him. This son, Donald, later gave his life in the service of his country, being killed in action in the Royal Canadian Air Force in 1944 in Europe. The commissioner's second son, Herschel, was born just after they came out of the Arctic and was named after the island on which they had spent five happy and busy years. I have had the great pleasure of conversing with the commissioner about his experiences in the Arctic. I asked him if he were lonely there, and he said that on the contrary they were five of the most pleasant years of his life, and that far from being lonely he was very active and found himself with scarcely enough time to keep up with the arduous duties of a Royal Canadian Mounted Police representative in the Arctic. On occasion his duties involved taking patrols via dog team in which he would travel with Eskimo guides a distance of as much as 1,000 miles over a period

of five to six weeks, sleeping in igloos built by himself and members of his party.

Commissioner Wood's second son, Herschel, was a member of the force when he recently met his death as the result of a motor accident. Commissioner Wood's third son, John, is now a member of the force.

Commissioner Wood had the advantage of studies of police methods in Scotland Yard, France, Belgium and the United States, and has occupied such important positions as director of criminal investigation and deputy commissioner before he became commissioner. In 1937 he had charge of the Royal Canadian Mounted Police detachment which was sent from Canada to the coronation of King George VI.

The period since March 6, 1938, that he has been commissioner has been one during which the duties of the force have been unusually arduous. The fact that Commissioner Wood had had first-hand experience in practically every province of Canada, and had had excellent police training, stood him in good stead during his thirteen years of the commissionership.

It is of interest that Commissioner Wood's great-great-grandfather was Zachary Taylor, the twelfth president of the United States. Before he became president, General Taylor, nicknamed "Old Rough and Ready", was famous as an Indian fighter and commander of the army of the Rio Grande. In this latter capacity he brought to an end the war in northern Mexico by an important victory over the Mexican General Santa Anna at the battle of Buena Vista. His victory on this occasion when his forces were outnumbered four to one by those of the enemy was so brilliant as to point to him as a candidate for the presidency of the United States, and he was elected to that great office at the next presidential election. He was president when he died in 1850. The American general and president will rest easily in his grave in view of the career, in one of the famous police forces of the world, of his distinguished descendant, Commissioner Wood.

Since I assumed the duties of my portfolio in November, 1948, it has been a privilege to have Mr. Wood associated with me in his capacity of commissioner of the Royal Canadian Mounted Police. His work has been of immeasurable assistance, and I am glad to take this occasion of paying my personal tribute. Finally, in expressing appreciation of Commissioner Wood's service to Canada, I know that I speak not only for the government but for every member of this house and for the people of Canada.

A few facts with regard to the new commissioner will, I am sure, be of interest. Mr. L. H. Nicholson, M.B.E., was born in Mount Middleton, New Brunswick, in 1904. He was a constable in the Royal Canadian Mounted Police in his native province from 1923 to 1926, inspector in the New Brunswick provincial police from 1928 to 1930, and inspector in the Nova Scotia provincial police from 1930 to 1932. When the Nova Scotia provincial police force was absorbed by the Royal Canadian Mounted Police on April 1, 1932, Mr. Nicholson was granted a commission as inspector in the Royal Canadian Mounted Police, which he has held to date. He was promoted to superintendent of the Royal Canadian Mounted Police in 1940, assistant commissioner in 1946, and is now the senior assistant commissioner in the force. During the period from 1941 to 1946 Mr. Nicholson was on leave of absence with the Canadian army overseas, rising to the rank of colonel. He saw active service and was awarded the M.B.E. From 1932 to 1937 Mr. Nicholson was in charge of the criminal investigation branch in Nova Scotia, and from 1938 to 1941 he was in charge of the same branch in Saskatchewan. From 1946 until the present time he has been director of the criminal investigation branch, with headquarters at Ottawa.

Mr. George A. Drew (Leader of the Opposition): Mr. Speaker, I am certain that every member of this house fully subscribes to the statement made by the Minister of Justice (Mr. Garson) that he felt he could safely speak for all of them in expressing to Commissioner Wood our admiration of the great service he has done to Canada, and in extending our congratulations and best wishes to the new commissioner who will take his place.

The office of commissioner of the Royal Canadian Mounted Police is one of the most important appointments at the disposition of the government. It is significant that the commissioner who succeeds Commissioner Wood served for some years in the criminal investigation branch; that seems to be the line of succession to this extremely important office.

I am sure that all hon. members will agree that Canadians have every reason to be proud of the uniform of the Royal Canadian Mounted Police. Outside of Canada as well as in this country itself I doubt if there is anything that is more significant, both as an expression of something distinctly Canadian and as an expression of the respect in which we all hold those who are charged with the enforcement of law in this country.

As the Minister of Justice has said, Commissioner Wood comes from a family in which service of this nature was a tradition.

It perhaps is significant that Commissioner Wood received a considerable part of his training in the province of Saskatchewan, as has the new commissioner; and that is appropriate, because there is undoubtedly no single province in Canada more intimately associated with the history and tradition of this great force than Saskatchewan. There is in Battleford a museum which carries forward for the years ahead the great traditions and history of that force while it was such a steadying influence in the more primitive days of this country.

In paying our respects to Commissioner Wood for his splendid service in maintaining the efficiency of that force on such a plane as to call for the respect of all Canadians, we also extend to him and to Mrs. Wood our sincere wish that they may enjoy for many long years the retirement which he will now enter. I think it appropriate also that we extend our good wishes to a young member of that family, John Wood, who carries forward this great family tradition.

Commissioner Nicholson takes over an important post. He will occupy an office that will play a large part in the affairs of this country in the years to come. I believe there are a number of things about which Canadians have some reason to boast. I believe we have a right to claim that there is no police force in the world today which commands or justifies greater respect than the Royal Canadian Mounted Police. To Commissioner Wood our thanks go for what he has done to maintain its high standard; to Commissioner Nicholson our best wishes go for success in his new responsibility, and, in relation to the force in its expanded form as announced by the Minister of Justice today, for a continuance of the respect and confidence of the people of Canada.

Mr. M. J. Coldwell (Rosetown-Biggar): Mr. Speaker, we should like to join in the unusual but fitting tributes that have been paid by the Minister of Justice (Mr. Garson) and the leader of the opposition (Mr. Drew) to one who has been an outstanding public servant in this country. Those of us who have known the mounted police in our own provinces—and I refer particularly now to Saskatchewan—know the splendid service which, as the Royal North West Mounted Police, they rendered in the early days, and how that tradition has been carried on up to the present. In the contacts which some of us had from time to time with Commissioner Wood and his officers, we have been received with unfailing courtesy, and to the people of Canada in many respects they have given excellent service. We join in the tribute to Commissioner Wood, and in best wishes for enjoyment of his period of retirement.

We hope and believe that the traditions established by the Royal North West Mounted Police years ago will be carried forward in the days to come. It is significant that eight out of the ten provinces of Canada have decided to place the policing of their respective provinces under this famous police organization, which not only enforces law and order, but as many of us have good reason to know, has acted to relieve distress in cases of emergency, and often, in the early days, in helping stranded and weary travellers along the difficult trails in the Canadian west.

Mr. Solon E. Low (Peace River): Mr. Speaker, we should like to be associated with the tributes which have been paid to Mr. Wood, and to say that we too have sincerely appreciated the efforts of this fine, outstanding public servant. Under Commissioner Wood's wise and able leadership the Royal Canadian Mounted Police continued to advance under a tradition that has been high throughout the whole world, and that has been the aspiration of a great many people. I join with others in expressing the hope that Commissioner and Mrs. Wood will have many years yet of happy, enjoyable living.

May I also express the hope that the Minister of Justice (Mr. Garson) and the government generally will try to carry on the improvements which Commissioner Wood attempted to make in the Royal Canadian Mounted Police, to better the conditions for the men in order to be able to attract into the force men of the highest calibre. That work was ably supported in this house, at least of late years, by the former minister of justice, Mr. Ilsley. I am expressing the hope that nothing will impede the progress of the force; that the government and the house will give to the new commissioner, Mr. Nicholson, every assistance in maintaining the high traditions of the force, and in particular, will help him to build up in this country the special investigation branch, which is more important than ever before in safeguarding the interests of the Canadian people in the face of constant threats of communist agitators and others who might want to cause trouble.

I wish to express my own personal appreciation of the fine way in which Commissioner Wood has always co-operated with us in any efforts we have made to improve the administration of justice throughout the world, and also to express the wish that the incoming commissioner, Mr. Nicholson, will receive every support from the people of Canada in carrying out his arduous duties.

Royal Canadian Mounted Police

Mr. Jean François Pouliot (Temiscouata): Mr. Speaker, as a private member I wish to join in the tribute that has been paid by the Minister of Justice (Mr. Garson), and by the leaders of the various groups on the other side of the house, to the work of Commissioner S. T. Wood, of the Royal Canadian Mounted Police. In my dealings as a member of parliament with Commissioner Wood I have never failed to appreciate his high sense of duty, his patriotism and his tact, and his knowledge of men, which was most helpful to him. He understood that the duty of members of parliament is to co-operate to the fullest possible extent with the commissioner of the mounted police in order to see that no abuse creeps into the dealings of the police with Canadian citizens throughout the country. Commissioner Wood has rendered countless services to the Canadian people in general, and many to my constituents in particular. I should be remiss in my duty if today I failed to rise, as I do, to pay my personal tribute to him on behalf of my constituents.

There is another thing, Mr. Speaker, that Commissioner Wood understood, namely, that men are not infallible. A great many people in the civil service and outside of it would never admit that anyone working under them could make an error or a mistake; everybody is supposedly infallible. They go so far as to give the impression that when a man admits an error or a mistake on the part of himself or of his subordinates, he falls in the esteem of his fellow citizens. Such is not the case. Commissioner Wood, on many occasions, personally redressed wrongs for which he was not personally responsible but for which some of his men were. He did that discreetly. He did not want anyone in this country to suffer any injustice at the hands of the Royal Canadian Mounted Police. He understood that it was essential for the force to keep the respect of the Canadian people as a whole, and that such respect was in danger of being destroyed should any injustice be committed by any man in the mounted police force.

There was one thing that Commissioner Wood could not support, namely, the practice of a constable telling a person against whom a charge had been laid: You are accused of such and such a thing, plead guilty; do not see any lawyer. You will keep your job. You will be sentenced to a small fine and you will be much better off than if you go to a lawyer who will argue your case. Commissioner Wood understood that such a procedure is contrary to the elementary principles of British justice, and that everyone in Canada has the right to defend himself before the courts when a charge is laid against him. This is one more reason why I rise today to pay tribute to the natural legal sense, the fairness, and the spirit of justice of Commissioner Wood. I hope that his successor will follow in his footsteps and will be worthy of the great tradition of the force.

ANTI-ESPIONAGE BRANCH—PROGRESS OF RECRUITING CAMPAIGN

On the orders of the day:

Mr. J. G. Diefenbaker (Lake Centre): Arising out of the discussion with respect to the Royal Canadian Mounted Police there are two questions that I should like to ask the minister. First, under the new arrangement for an enlarged directorate, will one of the assistant commissioners be in charge of the branch on anti-espionage? Second, in regard to the recruiting campaign taking place across the country for the Royal Canadian Mounted Police, how is the campaign turning out? Are you getting the necessary recruits, and of the proper standard?

Hon. Stuart S. Garson (Minister of Justice): Answering my hon. friend's second question first, the recruiting campaign is getting along very well indeed. The results are most gratifying, and that I think has been due in part to the change in the basis of payment of the members of the force that was recently authorized by the government.

With regard to the first question, I should like to take it as a notice and give an answer later.

COMBINES INVESTIGATION ACT

NEWSPRINT INDUSTRY—EFFECT OF GOVERNMENT CONTROL ON POWER OF INQUIRY

On the orders of the day:

Hon. Stuart S. Garson (Minister of Justice): Mr. Speaker, I should like to answer a question which was asked of me on Wednesday last by the hon. member for Winnipeg North Centre (Mr. Knowles). He asked whether the placing of newsprint under government control, as announced by the Department of Defence Production, would affect in any way the right of the combines investigation commissioner to inquire into that industry if he wishes to do so. The hon. member was referring to the fact that wood pulp and newsprint had been designated as essential materials under the Defence Production Act. I took the question as notice, and this is the first opportunity I have had to reply.

Section 12 of the Combines Investigation Act provides in part that the commissioner may conduct an inquiry whenever he has reason to believe that a combine exists or is

being formed. Reading the words "if he wishes to do so" in the question, in the sense of "if he has reason to do so under the Combines Investigation Act", the answer to the hon. member's question is no.

FIRES

PETAWAWA CAMP—USE OF FIRE-RESISTING PAINT

On the orders of the day:

Mr. G. K. Fraser (Peterborough West): I should like to direct a question to the Minister of National Defence. Owing to the fire at Petawawa ordnance the other day, which makes three fires in the last few months in defence stores and one thing and another, will the minister say whether anything is being done to prevent these fires? So far there has been a loss of over $300,000.

Hon. Brooke Claxton (Minister of National Defence): Mr. Speaker, the hon. gentleman's information about the size of the last of these three fires is not accurate at all.

Mr. Fraser: Well, then, the newspapers must be wrong.

Mr. Speaker: Order.

Mr. Claxton: Unfortunately we do have fire losses in the armed forces because we have a very large amount of property across Canada which is in various states of repair, and many of the operations carried on constitute additional hazards. To keep down fire losses we have fighting services, excellent equipment, fire prevention campaigns and inspection by fire marshals. We know of no additional way in which more can be done to prevent fires.

With regard to the suggestion made some time ago by the hon. member that we use fire-resisting paint, which he may have had in mind, that of course has been looked into. We have estimated that we have 146 million square feet of buildings to cover, and it would cost $30 million to cover them with fire-resisting paint. We estimate that the balance of advantage would be not to use fire-resisting paint on existing buildings until we had fire losses in excess of $7 million a year.

Mr. Fraser: Could you not put it on new buildings?

Mr. Claxton: That is done wherever it is considered desirable, but the advantages of that paint are often not nearly as great as are claimed for it.

SUPPLY

The house resumed, from Wednesday, April 11, consideration of the motion of Mr. Fournier (Hull) that Mr. Speaker do now leave the chair for the house to resolve itself into committee of supply, and the amendment thereto of Mr. Drew.

COST OF LIVING—AMENDMENT, MR. DREW

Mr. P. E. Wright (Melfort): When this debate was initiated by the leader of the opposition (Mr. Drew) on April 9, there was much shrugging of shoulders over on the government side, especially among the members of the cabinet. Apparently they thought that the motion was untimely; that it was a little bit unfair that a motion such as this should be introduced in the house just prior to the bringing down of the budget, which the Minister of Finance (Mr. Abbott) had announced would be brought down on the following day, and which the members of the government had indicated was going to take care of some of the inflation which is abroad in the country. But when we read the budget, when we look over what the budget actually does, I ask hon. members if there is anything in it which will immediately effect a reduction in the present cost of living.

It is indicated at least by papers who are favourable to the government that that is not their opinion, because I see in the April 25 issue of the Regina *Leader-Post* a large headline which says: "Cost of living index likely to hit the 183 mark." When we are talking about this rise in the cost of living, and about points, you and I, Mr. Speaker, often fail to realize just what it means to the average person in this country.

The other day the hon. member for Winnipeg North Centre (Mr. Knowles) placed certain figures on *Hansard*, indicating that in 1935-39 the cost of living index basket was worth $1,453; that is, the articles contained in that basket, purchased at that time, cost $1,453 a year. Since then we have had a rise in the cost of living of 80 points. That means that today we are paying $1,160 more for that same basket of goods than we were paying in 1935-39. That same basket of goods is costing us today $2,613. It may not mean so very much to members of this house who have a salary of $6,000 a year plus anything else we may have coming in; but I am telling you that it means a lot to the man or woman on an old age pension who can have an income of only $1,080. It means a lot to the veteran who is on a fixed pension; it means a lot to retired civil servants who are on fixed pensions.

As I said, there is nothing in the budget which would indicate that the cost of living index is not going to continue to rise. As a matter of fact I think I am quite conservative when I predict that the budget itself will cause a further rise of at least two points in the cost of living index, and when that is

written into the price, the cost of living index in all probability will reach the all-time high of 185 points as compared with the 1935-39 average of 100.

Of course we would be in a terrible position had our income not risen to a certain extent during that same period of years. But the rise in income has been more than offset by the rising cost of living. When he was speaking to this motion on April 9, the hon. member for Rosetown-Biggar (Mr. Coldwell) placed certain figures on *Hansard*. It is not my intention to repeat all of those figures, but on page 1739 he indicated that in 1946 the per capita income in Canada was $786. Now, when the cost of living index figure for that year, 126, was taken into account, it reduced that income in terms of 1935-39 purchasing power to $636.

In 1947 our per capita income had increased to $822, but our effective purchasing income had again been reduced to $607. In 1948 our per capita income was $919, but our effective purchasing income was $593. In 1949 our per capita income was $935; effective purchasing income, $578. In 1950 the per capita income was $962; the effective purchasing income, based on the cost of living index, was only $535. In other words, during those years our per capita income had increased by $176, but our effective purchasing income had been reduced by $101. These are startling figures. Just think; in that period of time, five years, effective purchasing income had been reduced, so far as the average citizen in this country was concerned, by $101.

What are we trying to do to offset the reduced purchasing power of our people? What is the result to those who are raising families and who have to go out and buy boots and shoes and the food, milk and other products they must have in order to raise a healthy family? They are entitled to a decent standard of living, but the result of the present high prices is that we produce much today that they are unable to purchase.

As I said before, it is all right for those in the larger income groups. It is all right for private members on the government side to shrug their shoulders and indicate that there is not much occasion for alarm in the rising cost of living. Certainly there is not much for them to be alarmed about personally. There is not much for the person who has invested in stocks and bonds to be alarmed about when he finds that they have increased in value. There is not much for the man in business to be alarmed about when he finds that his business has increased in value. There is not much for a man with a good farm to be alarmed about when it has increased in value. But it is a different proposition for fifty per cent of the people of this country who are not even in the income tax paying group. They are the people who are vitally affected by this increased cost of living.

It is time that the private members in all parts of this house got up and said something on behalf of those people whose standard of living has been so radically reduced. It is time that something was done about it.

The Prime Minister (Mr. St. Laurent) has indicated that he hopes to proceed with legislation with respect to old age pensions. I am glad it is the intention of the government to proceed with that legislation. However, I would point out that seventy-three per cent of those who are in receipt of old age pensions today are getting the maximum pension and will not get one cent extra by this legislation. Seventy-three per cent of those on old age pensions will be in exactly the same position as they were before. It is not going to help them, and they are the people who should be helped. It is all right to give $40 per month to everybody, but when we do that we should also be protecting those people whose maximum income is $40 a month. They are the people who are affected by this rising cost of living. It is the people on war veterans allowances and other fixed pensions who are affected. We cannot just shrug them off in this house, because there are too many of them. It is time we were doing something to protect people who need protection, who are not able to protect themselves because of their place in our economic set-up.

We all agree that the only way you can beat the rising cost of living is by increased productivity. What is this rising cost of living doing to the production of goods? I submit that in many cases it is reducing productivity. Take the case of the stock raiser. I know of many farmers who, having reached a certain age, decided to go out of production. They had dispersal sales, but not many young men attended those sales to buy stock. Why? The cost of production is so high that they just do not think it is good business to start a herd of cattle when it costs from $250 to $350 to purchase a breeding animal. The result is that many herds are being disposed of and no new herds are being set up to take their place.

Production is dropping. The same thing is happening in the dairying industry. In 1949 there was a reduction of sixteen per cent in the production of butter in Canada. The government are making plans to import butter next year because we are not going to produce enough for our own needs, in spite

of our resources and ability to produce. This condition is brought about by rising costs of production.

Many farmers are saying, "What is the use?" A man decides that he will not build an addition to his barn, nor will he increase his herd at present prices because there is no guarantee for the future. As a result we have a falling rate of production all through our economy today. In many cases this inflationary spiral is reducing production. Normally when prices go up people tend to produce more, but when we reach the point we have reached today, where the increased cost of production is so high, when there is no guarantee for the future, we find production being decreased rather than increased.

This applies as much to labour as it does to the farming population. We find escalator clauses in many of the labour contracts today to enable the worker to meet the increased cost of living. That has an inflationary effect. With a rising cost of living we are bound to have labour trouble. The average labouring man has to pay $1,160 more today for the basic articles included in the cost of living index than he paid in 1935-39, at which time the cost was $1,453. Every point rise in the cost of living means that it costs $14.53 more to buy the same amount of goods. The result will be greater demands for higher wages. We are just in a spiral. It is a case of the dog chasing its tail. Apparently the government are not prepared to step in and make the necessary adjustments or impose the necessary controls to stop this spiral.

I do not know how far they intend to let it go. Will they step in when the cost of living reaches 185? Will they step in when it reaches 200? Nobody knows what the intention of the government is. The result is that many people selling goods today are out to get the most that they can. The Minister of Trade and Commerce (Mr. Howe) recognized that in the speech he made in the early part of this session, when he said that there was a tendency to get prices up before controls were put into effect.

In my opinion the government should do what was done in Great Britain during the last war; they should have assisted in the production of a line of utility goods. I have seen some of the utility goods produced in Great Britain during the last war—clothing, boots, shoes, furniture and other articles. They were good, sound, reliable goods. They had some value. Today when the head of a family goes out to purchase shoes for his children, unless he is prepared to pay the highest price he will get a shoddy article. The first time the child goes out to play in the mud and water it will be found that the shoes are just paper. There is no substantial material in them at all. If the government were to develop certain utility lines of goods in this country of good quality and would provide that such goods would be exempted from sales or excise taxes, or if these particular lines of goods were subsidized, then at least the people in the lower income groups, those who are not paying income tax, would be able to clothe their families properly and send their children to school.

What is happening to the average man today with a family of four of five children? Even if he is getting $3,000 a year do you think he has an opportunity to give his children a high school education or anything more than that? It simply cannot be done. What is happening in large families today is that the children are having to take a job just as quickly as they can. As soon as they leave public school they have to find a job in order to help support the rest of the family. I do not think that is good enough in this country. I do not think it is necessary. I think that we can afford to give at least a high school education to the children of Canada, and that is more than the average family can do with the present cost of living. I think that action should be taken immediately in this matter.

Another point raised by the hon. member for Lake Centre (Mr. Diefenbaker) had to do with the question of monopoly control and its effect on the cost of living. If I understood the announcement of the Minister of Justice (Mr. Garson) correctly, it was to the effect that even though certain monopolies might be under controls with respect to the sale of their basic materials, they could still be investigated under the Combines Investigation Act. Maybe they can be investigated but I will guarantee that action will never be taken against any of them as long as the Minister of Trade and Commerce (Mr. Howe) occupies his present position. He made that quite clear in 1946. We have a Combines Investigation Act, but up to date not one major combine has ever been investigated under the act. Certain smaller industries have been investigated. We investigated some of the bakers in western Canada, but when it came to investigating the milling industry that was a different story. They were a little too big, and we did not investigate them.

We investigated the flat glass industry. I ask you: How much do you or I spend on window glass in a lifetime? It is not very much out of our total income. We in western Canada spend a lot more on oil and gas for the operation of our farms but we have never heard of the oil industry being investigated,

let alone any action being taken against it. Nevertheless every time there is an increase in the price of gasoline in Canada the increase is right across the board. It does not matter whether you purchase your gas from B.A., Imperial or some other oil company. You will find that the increase is the same right across the board for every company in the different areas into which they have divided Canada.

Mr. Murphy: Is that unusual?

Mr. Wright: I do not know how they get the word around, but it all happens on the same day at the same hour. That is how the increases take place. There has never been one major industry in this country investigated by the government. I have made that statement on more than one platform and I am making it in this house today. Not one major industry will be investigated. The tobacco industry has never been investigated. The other day the minister brought down the budget and increased the tax on cigarettes by 3 cents. Nevertheless people have to pay 4 cents more, 25 per cent more than the increase in the budget. When the Minister of Finance (Mr. Abbott) was presented with the facts he said: I have nothing to do with it. That is the companies' business. We cannot interfere with their business.

Why have we got the Combines Investigation Act if we cannot interfere with some of these things in order to find out whether there is any reason at all for such advances? Certainly it is up to the government to see that the people as a whole get a fair deal. They should see to it that when they impose an excise tax or some other tax people will not have to pay not only the tax but an additional 20 or 25 per cent to some industry which may exercise complete control over that particular industry. We had an investigation of the farm machinery industry before the war. It was proven that a combine existed not only by the investigation which a committee of this house made but also by the investigation made by a committee of the Saskatchewan legislature. It was not a C.C.F. committee either. It was the good Liberal government that was in power there at that time, and which carried on the investigation.

Mr. MacInnis: A Liberal government.

Mr. Wright: A Liberal government. In the report of the committee they indicated that in their opinion there was a combine. There was never any action taken under the Combines Investigation Act to investigate the industry, nor will there ever be any taken as long as we have this government in power at Ottawa. They will investigate the smaller companies whose actions only affect a small part of the total cost of the goods we have to buy. Until there is some control over the inflationary spiral, some control of companies that are taking advantage of the inflationary spiral, our cost of living will continue to rise.

What does this mean to the government? We have a program for the expansion of our armed forces on which we are going to spend $5 billion in the next three years. We are going to spend that $5 billion for goods and services at the inflationary level existing in Canada at this time. What will be the result of that? The result will simply be that we will spend from $2 to $3 to obtain the same amount of goods and services as we were able to get for one dollar in 1944 and 1945 when the war ended. For our $5 billion we will get less than $2,500 million based on the 1945 price index. It will cost us twice what it should cost us to rearm. Yet the government hesitates to pay subsidies to maintain price levels. In 1944 and 1945 it cost us approximately $200 million a year for subsidies. In the next three years it will cost the government $2,500 million more in what it is going to have to pay for goods and services in order to rearm. Surely we could spend a few hundred thousand dollars on subsidies in order to make a saving such as was made in the last war.

According to the then minister of finance, for every dollar we spent on subsidies we saved $12.50 for the people of Canada and for the government in the purchase of the necessities of life and the goods that we had to purchase to carry on the war.

Mr. Laing: Milk was only subsidized to the extent of 2 cents a quart then.

Mr. Wright: Two cents a quart to the consumer and 2 cents a quart to the producer. The producer received a subsidy as well as the consumer. There were two subsidies on milk.

Mr. Laing: It would cost a great deal more today to bring the price back to that level.

Mr. Wright: If we brought it back 4 cents it would be a big saving to a lot of people in this country. It would be the same saving of 4 cents as it was then although it would be on a higher base because the base has risen since 1945.

Mr. Laing: You would have to bring it back 9 cents.

Mr. Wright: I am not suggesting that we can roll back prices to 1945 levels. I am suggesting that it is time for us to step in and stop the inflationary spiral. I am saying there are ways in which it can be stopped. If we were to do today what we did during the last war, if we were to set the margin of

mark up that could be made by manufacturers, wholesalers and retailers, we would catch a lot of these people who are all set, and who have boosted their prices so that they are in a position where they can continue to make an unjust profit if prices are fixed at their present levels. Those people who have unreasonably boosted their margin of profit would then have to roll back their own prices, without the government interfering in their business. That is just one method that could be used, fixing the margin of mark-up. Then by subsidies, such as we used in the last war, we could certainly reduce the cost of living and stop the inflationary spiral still going on in this country.

If we do not, I do not know what is going to happen. People are losing confidence. As I said before, they are not increasing their production; they do not know where they are going from here. We find there is not the same initiative as when people felt more secure. That was how we got increased production during the last war; make no mistake about it. People felt some security; they could see they were going to get reasonable prices for what they produced the following year, so they went into the production of those goods and services. That is why during 1944 we were able to export almost 1,000 million pounds of pork and pork products to Great Britain. Today we have nothing to export. We were able to do that because there was a set price; people knew they could go into production on those commodities, and that there would be a sale for them at reasonable prices. We had surpluses of feed in the country at that time, and that was one reason for our increased production. The same situation exists today; we have a surplus of feed in the country following the last crop in western Canada. On the basis of that surplus we could have increased production if people believed they had any security. But as long as we have the present inflationary spiral, as long as this government will take no responsibility, we are not going to get production in agriculture or in many other lines.

What will be the ultimate effect of this inflation? It will be exactly what Stalin likes to see happen. It is a great pleasure to him when in a country such as Canada we refuse to face up to facts, when we refuse to protect our people in the lower income groups, and get into these inflationary spirals. It is a great help to him when the cost of raw materials reaches the point that we cannot be efficient in our re-armament program, and when many nations not so well off as we are are unable to arm at all. They cannot pay for the raw materials, so we have to give them what they need. That is the sort of thing that helps communism. So I say if we are to protect our people, if we are to have an effective rearmament program, and if we are to meet the threat of communism in the world today, this government must do something about the present inflationary spiral.

Mr. Hetland: I wonder if the hon. member would let me ask one question. As a farmer I quite agree with his agricultural program, but how is he going to get the boys back on the farms with the higher wages and shorter hours in the cities?

Mr. Wright: Well, if the boy on the farm feels that he has some security he will stay on the farm. It is when he feels he has no security, when he cannot see what is going to happen tomorrow or next year, that he takes a job in the city. The farm becomes more attractive when there is some security. I can say one thing definitely; the boys will stay on the farms if we have a proper formula under the Agricultural Prices Support Act which will give them a feeling that they have some future security.

Mr. J. W. Murphy (Lambton West): Mr. Speaker, coming from the farm I am very glad that point has been settled. In opening my remarks I should like to compliment a neighbour, the hon. member for Oxford (Mr. Murray), who made a great contribution to the debates of this house just the other day. I sometimes think we in different parties forget that when all is said and done the other fellow is not so bad after you get to know him. Then I should like to say, and I believe I am expressing the feelings of most hon. members, that I rather liked the idea of the Minister of Finance (Mr. Abbott) giving his parliamentary assistant the responsibility of piloting certain resolutions through this house. As one of the older members I must say I believe this sort of thing gives the younger members an opportunity to display their ability. I am quite sure that on both sides of the house there are many younger members who would be equally capable, but who unfortunately do not have the same opportunity.

I should like to say a word or two concerning the tobacco industry; I think it comes within the purview of what we are discussing, since it seems everyone is using tobacco. I do not know any other hon. member who could deal with the matter with quite the same background. I have grown tobacco; I have manufactured it; I have wholesaled it; I have retailed it; I have smoked it, and I have chewed it. I can hardly reconcile the

statement the other day by the parliamentary assistant with respect to liquor with the situation we find today in regard to tobacco. My experience goes back to about 1920, and I am going to disagree with the minister on one point. I am sorry he is not here, but his parliamentary assistant is present. If I am not mistaken a Fielding budget in the early twenties gave wholesalers a rebate on the tobacco they had on hand when the excise tax was reduced, I think from $9 to $7.50 and then to $6. That was a precedent which might well have been followed throughout the years; and by not following it I believe this government has lost millions of dollars. I think that was the only time the excise tax on tobacco was first increased and then decreased. The other day the Minister of Finance said that retailers and others had to mark up their products when the excise tax was increased because they had to take a cut when there was a decrease. Well, to my knowledge that decrease in the early twenties was the only one ever made in connection with tobacco.

I am wondering if any of the officials of the department can answer this question. When they are after revenue and put on these taxes, I wonder if they consider only the goods in bond and not the goods in warehouse? If I were a smart manufacturer of tobacco and knew the budget was about to come down—I see some nodding over there as if there might have been some consideration of this point—I would warehouse two, three or four months' supply of tobacco. The members of the house have heard the member for Macleod (Mr. Hansell) speak about the little tax stamp on a package of cigarettes which only indicates the number of cigarettes in the package. This is a mistake. This tax is costing the people of this country a great deal of money. As I said a moment ago, I can tell the Minister of Finance that if I were a smart tobacco manufacturer in this country—and these manufacturers are as smart as anyone in this country—I would warehouse as many packages of cigarettes with the tax stamp on them as would enable me to supply my distributors for three or four months. The government has lost millions of dollars by its failure to follow the policy of the early twenties of going into these warehouses. A great deal of revenue would have been collected.

It would not be fair for me, coming from western Ontario as I do, where in the last twenty years we have developed a tobacco growing industry, if I did not bring to the attention of the house a resolution which I received from the flue cured tobacco marketing association of Ontario. I do this because, in the first place, the tobacco growing industry is comparatively new in this country. I shall only recite two or three figures, but in 1930 our production was 36 million pounds; in 1940, 64 million pounds; and in 1950, 139 million pounds. Most of that was produced in western Ontario, but there is a little cigar leaf tobacco grown in three counties in Quebec. I am saying this, too, because of a statement made by the parliamentary assistant (Mr. Sinclair), as recorded on page 2278 of *Hansard* for April 23. He said:

> We have felt from an examination of our tax records that the point of diminishing returns has almost been reached so far as the liquor tax is concerned.

Then, farther down on the same page:

> It was for these reasons that in this budget liquor was left untouched.

Now, a startling figure to me was the production of smoking tobacco in Canada, and taking that in conjunction with our increased population from 1940 to 1950 we find that we actually produced less in 1950 than we did in 1940. I have in my mind the idea that this excessive tax on cigarettes is going to be rather a heartache. I would not be surprised if it produced less revenue than the minister expects, and even less than it did last year. It does not seem reasonable that the government would leave liquor untaxed, and yet tax cigarettes in this manner, because someone in every household uses tobacco.

Mr. Deputy Speaker: I am sorry to interrupt the hon. member, but it seems to me that this matter should be discussed on the budget resolutions in the committee of ways and means. We are considering a motion concerning the increased cost of living.

Mr. Murphy: Thank you, Mr. Speaker. If I may be so venturesome, I would agree, but I would say that out of the 262 members in this house, 255 smoke cigarettes. The increased cost of these cigarettes enters into their cost of living just as it does in the case of 99 per cent of the families in the Dominion of Canada. Today tobacco is not a luxury any more than a motor car is. I am not defending the tobacco industry, and I have not any interest in tobacco.

This association which represents such a large segment of our society in western Ontario has no doubt sent a copy of this resolution to the departmental officials, but I think, Mr. Speaker, it is fair to put it on the record. It is as follows:

> At a meeting of directors of the flue cured tobacco marketing association of Ontario, held in Simcoe on April 12, 1951, the following resolution was passed unanimously. We view with alarm the recent increase in the excise tax on cigarettes . . .

Mr. Deputy Speaker: Order. I am very sorry to interrupt the hon. member, but I believe that matter should be discussed on the budget resolutions.

Mr. Murphy: Thank you; I shall abide by your ruling, of course. I shall be glad to go on at a later date, but I think the subject is of sufficient importance that it should be brought to the attention of the house. I know if you are in the chair that you will permit the discussion at that time. The parliamentary assistant or the minister may be sufficiently aware of what I proposed to say that some further consideration will be given to the matter.

When the Minister of Finance rose in his place on April 10 to give his fiscal accounting to the country, and at the same time counsel his countrymen what the year ahead held for them in terms of costs to be met and taxes to be borne, there were two primary considerations, two clearly defined problems to be weighed and solved. The first of these, of course, was the necessity of raising revenues to underwrite Canada's defence program and to advance this country's role in the North Atlantic alliance. All Canadians understood the threat that international communism presented to their way of life. All Canadians were prepared to assume new burdens of taxation, and all Canadians were prepared to sacrifice for national security, for regional security, and translated to the ultimate degree, for the preservation of democracy. They were willing to fight for liberty.

The second fundamental consideration was a domestic consideration, that of recognizing the extent of inflation in this country and introducing direct and indirect measures not only of arresting inflation but of alleviating its actual and grinding toll on public morale and on the public and private purse. Let us consider the effectiveness of the budget in dealing with these two phases of Canadian national life, Canadian security from wars and threats of wars, and Canadian domestic and economic security against forces and pressures, as scheming, as evil and as disastrous as those threatening physical attack and physical violence. The budgetary proposals of the Minister of Finance doubtless meet the first of these two tests, that of raising revenue. Certainly, in the year ahead, they will provide an unprecedented flow of tax dollars into the national treasury.

Let us now take a look at the second basic requirement of the budget, the need of concrete action to halt and indeed to reverse the pace of galloping prices—in a word, inflation. I realize, Mr. Speaker, that the cost of living issue has been dealt with in a previous debate in this house during this session. Because of that, sir, I scrupulously intend to avoid threshing what might be regarded as old straw.

No discussion of the budget, of the cost of living or of taxing proposals can be divorced entirely from a discussion of inflation as it exists in Canada today; and no discussion of inflation, it must follow, can be divorced from the cost of living in Canada, regardless of the subject matter of any previous debates in this house. Because, sir, while the budget and its provisions mean the added revenue necessary to finance Canada's preparedness drive and Canada's program of military co-operation with the NATO powers, by their very nature they aggravate and accentuate the one problem which they should have been designed to ease, if not eradicate.

Mr. Speaker, Canada's Minister of Finance, by his own words, in his budget speech, has indicted himself on a public charge of having uttered a bogus fiscal document, a worthless cheque drawn on the pay envelope and on the pocket of every wage earner and taxpayer in the country. That may seem to be a harsh interpretation, but it is no harsher than the impact of the tax increases announced by the minister, and which affect the cost of living today in Canada.

The evidence in support of the indictment is the minister's own case in justification of increased excise taxes on a whole range of consumer goods.

Mr. Abbott: I do not want to interrupt my hon. friend; as a matter of fact, I just came in. But are we on the budget debate or are we discussing the amendment to the motion to go into supply? I suggest that it is not desirable that we should have two debates which completely duplicate each other. If my hon. friend is referring generally to causes in the country which relate to the increase in the cost of living, I suppose he is in order; but I do not think he is in order in discussing on this motion the details of my budgetary proposals.

Mr. Murphy: Mr. Speaker, if I may be permitted to do so, I should like to say in all fairness to the Minister of Finance that I think he is perfectly justified in what he said; but I think he will also agree with me, that, after all is said and done, the budget, by whatever increases it may have caused in the cost of living, would have a bearing on the debate on the subject we have under consideration, namely the cost of living. I do not want to be out of order, and I hope that I may be allowed to continue.

Cost of Living

Mr. Deputy Speaker: I must ask the hon. member to discuss the cost of living and not to discuss the budget or taxes, because if he does so we shall have a duplication of debate. May I read to the hon. member the amendment which is under consideration. It is as follows:

That all the words after "that" to the end of the question be deleted and the following substituted therefor:

"this house is of the opinion that in view of the announcement made on Wednesday last of the greatest monthly increase in Canadian cost of living during the month of February to the disastrously high level of 179·7 points, immediate consideration should be given to the adoption of appropriate measures to hold down the cost of living and halt inflation."

Mr. Murphy: Then I would submit, Mr. Speaker, that I am quite in order, to be quite fair; and I hope that the Minister of Finance will agree. I do not know how you are going to—

Mr. Abbott: I think my hon. friend would be quite in order to discuss the causes of inflation and the economic effects of inflation. But if he is confining his remarks to budgetary measures which can be taken to check inflation, then I suggest that his remarks in that respect should be made in the budget debate. I think he is quite in order in saying that the budgetary measures which have been introduced do not do anything to check inflation but rather aggravate it; perhaps he can say that. Of course I do not agree with him; I disagree. But I really do not think we should have a duplicate budget debate on this motion. We hear a great deal of complaint in this house about wasting time. One of the greatest time wasters is a duplicate debate. This is one case in which I think we might attempt to restrain ourselves.

Mr. Fair: Bring in a good budget, and we will not have any duplication.

Mr. Murphy: I think we shall get along well.

Mr. Abbott: This was the real reason why I felt as I did about this motion. While I had no objection to its being made, I felt it was going to result in just the sort of thing we are getting today.

Mr. Murphy: I think it is fair for me to say, Mr. Speaker, that inflation enters into the cost of living. I will try to curb myself in order to keep within your ruling. I certainly do not want to be unfair.

These tax increases presumably are intended as a deterrent to public spending and hence to inflation. These very increases are calculated to provide a substantial portion of revenue which the government now requires to finance its way. In short, while the government and the minister profess to champion these newest imposts as inflationary curbs, they are fully aware that they will contribute little as a check to the upward sweep of prices. Indeed, should those tax boosts, by some strange chance, actually prove to be effective dampers to public spending, then the government would find itself in a sorry plight. The Minister of Finance, now estimating for a surplus of some $30 million, would find himself far short of balancing the budget, let alone rounding out the fiscal year with a debt-reducing margin.

Mr. Abbott: I give up.

Mr. Deputy Speaker: If the hon. member discusses the budget specifically, I think he is out of order.

Mr. Murphy: I would say, Mr. Speaker, that the spending of any public money affects the cost of living with respect to any citizen in Canada today. While it may seem strange to draw a line here, I cannot reconcile the viewpoint of the Minister of Finance by any means when he suggests that it is a budget speech. What else could it be, Mr. Speaker, when we are discussing inflation and the cost of living

We speak about the excise tax. All these taxes affect the cost of living today.

Mr. Abbott: As I said before, my hon. friend, like others, confuses cause and effect.

Mr. Fulton: The original confusion was in the minister's budget.

Mr. Murphy: I am going to have an 80-minute speech, Mr. Speaker, if these people do not stop interrupting me.

Mr. Abbott: Judging from the number of sheets of paper that my hon. friend has, it looks as though it might be good for that.

Mr. Murphy: I am glad to hear the minister say it might be good.

Mr. Abbott: For that, I said.

Mr. Murphy: It would appear that the minister has little faith in what he professes—apart from the interruptions—namely, the effectiveness of the excise tax to stem public buying. I think that has something to do with the cost of living. One could venture the opinion, Mr. Speaker, that if the trend of public spending should surprise the Minister of Finance and his finance

department theorists, then members of parliament may anticipate another session this fall and another budget.

Mr. Deputy Speaker: Order. I am sorry to have to interrupt the hon. member, but I must point out that his speech would be in order in the budget debate.

Mr. Gibson: Put it in cold storage for a while.

Mr. Murphy: I think I am perfectly right, Mr. Speaker, in indicating that if the anticipated revenue that the Minister of Finance has in mind is not forthcoming, there will be another baby budget this fall. I think I am perfectly in order.

Mr. Deputy Speaker: That may be all right in another debate, but it is not in order in this debate.

Mr. Fulton: Oh, Mr. Speaker—

Mr. Murphy: I think we are discussing the cost of living here, Mr. Speaker.

Mr. Abbott: I am not so sure.

Mr. Murphy: My point was with respect to inflation and these attempts to curb inflation, and I was saying that the steps that the government have taken might not be as effective as they presume they are going to be. If they are not, then I submit that we may be subject to a fall session and another budget. We have heard discussions in the house this session about the evenness of the taxation; that it applies to the poor as well as those in the higher income brackets. I would rather think that it constitutes inequity as well as iniquity, because those higher taxes and the increased burdens on those in the lower income brackets, as well as on those in the higher income brackets, make no allowance for the different spheres of the different peoples. It needs a little perception to recognize that the principle of a blanket increase works to the detriment of those with less funds, and they are the ones that we in this House of Commons are most concerned about. It bears less heavily upon the rich than it does upon the poor. I think that every member in this house will agree with me, Mr. Speaker, when I say that we are not very much concerned with those in the very high income brackets, but we certainly are concerned with those in the low income brackets.

The person on low or middle income now must assume the same financial burden as his fellow in the upper income brackets on a wide range of consumer durable goods that the government has described as luxuries. The range of goods against which the government has imposed new or higher taxes is open to challenge. I wonder if the electric stove in a modest country cottage or a washing machine in that same little cottage is a frivolous gadget. I am going to suggest to the Minister of Finance that when he goes home tonight he suggest to his good wife that they sell their washing machine for a washboard. I would advise him though to keep the front door open because it will not be the washing machine that will go out the front door.

It seems to me that today we are taxed as a family unit, and the family unit is the very basis of our national society and our national economy. The government, through the Minister of Finance, has placed an excise tax on marriage. Young couples contemplating a home of their own must reckon not only with cupid but with governmental cupidity. In what I am about to say, Mr. Speaker, I mean no personal offence to the Prime Minister (Mr. St. Laurent). He is not in his seat. I know that he has many appointments, but you will recall, sir, that during the last election campaign all the newspapers and all the magazine articles and photographs depicted the Prime Minister of Canada as the great family man, as the benign parent and grandparent. I have no doubt that there was a great deal of truth in those stories and in those pictures. Most men feel the same way about their families, about their children and their grandchildren—I know I do. I know that the leader of my party makes no secret of his affection for his own family. We are proud of that. But I cannot help but wonder, Mr. Speaker, how the Liberal government now reconciles the multimillion dollar publicity campaign it sponsored to build up that portrait of the Prime Minister in the public mind with the Liberal government's budgetary bludgeoning of Canadian families now established, and of young couples intending to establish homes of their own. Indeed, the government, through its taxing methods, tells young couples, intoxicated with romance—

Mr. Deputy Speaker: Order.

Mr. Abbott: It is too much for the Speaker.

Mr. Deputy Speaker: I am sorry to interrupt the hon. member once more, but he is out of order.

Mr. Gibson: He should have made this speech on the budget; it is a good one.

Mr. Abbott: Intoxicated with love.

Mr. Murphy: Intoxicated with romance. I said it for the minister's ears. If he did not hear it the first time—

Mr. Abbott: I got the gist of it.

Mr. Murphy: The minister got the gist of it; that is the main thing. Indeed the government, through its budget, tells young couples, intoxicated with romance, to stay drunk. It is cheaper. And to this end it taxes stoves, furniture and home appliances. Someone said, not wood stoves. Of course that is one of these little blunders. To console them, it leaves alcoholic beverages free of further imposts. Of course the Minister of Finance will indicate that that has nothing to do with the cost of living. If it is provided free, as it was last Friday night, of course it would not. I hope that the hon. members who went to Toronto will come back and give us some ideas about what at one time used to be a Conservative city.

Mr. Abbott: I am glad you used the past tense.

Mr. Murphy: I am glad you got that. What a travesty. What a cynical, iniquitous thing is this latest Liberal budget, and the various means they have found to increase the cost of living.

In his budget speech the minister emphasized that some of his proposals were to be regarded—I think this will apply to the argument that I propose to make—as an interim policy for the current year only. He said he regarded his tax-on-tax system as an easy and convenient way of raising revenue, a further admission that the government has its eye more on the number of tax dollars that it can amass than upon relieving any of the inflationary pressures now bearing down on the Canadian family. But, Mr. Speaker, to leave aside the government's total disregard of inflation the total lack of budgetary steps to contain and defeat it by various methods, does it not strike you as inconsistent that the Minister of Finance at this late date can do no better than to enunciate an interim financial policy for this country? It is true that people in any walk of life today cannot look very far ahead when they are deciding on business operations, and depend more or less on government long-term policy to make up their minds as to what they should or should not do. That applies equally to those who may have to go out and buy necessary essentials for their homes.

In bringing before this house its military program, the government has set out a three-year program of rearmament and recruitment. It makes no difference whether you have $10 or $10,000 to spend, you are budgeting. In its defence production program the government has brought down legislation not for one year, not for two, three years, but for five years. In a whole range of ministerial speeches the Canadian people have been warned that the price of peace will come high, and that even though war may not come, Canada's defence preparedness will have to be maintained for many years to come. Plainly in the military sphere and in the realm of defence production Canada is being geared for a long-drawn effort to eliminate the threat of soviet imperialism. There can be no room for doubt on that score.

Yet despite all this the Minister of Finance tells the House of Commons and the Canadian people that we must wait for another year before he can determine which way the wind is blowing. If the minister is right in that attitude, then all the rest of the government is out of step with him. Or if government military and production planning for the years ahead is the proper course, and I believe it is, then it would appear that the Minister of Finance is out of step with the rest of the government. In other words, the minister should have placed before parliament and the people a properly reasoned and reasonable fiscal policy, not a twelve-months makeshift that he has been twelve months in the making but which he can shift at will.

Mr. Deputy Speaker: I am sorry, but if the hon. member continues along this line I shall have to ask him to discontinue his speech.

Mr. Murphy: There are only two or three more items and I hope I can continue. I would not want to be out of order, but this is a very broad subject and I think I should be given the opportunity to go into many avenues with respect to the effect of the cost of living. I do submit that as the debate continues more latitude must be allowed to those who are endeavouring in their own way to show that the things I have been discussing have some bearing on the cost of living. I hope I can continue and I shall try to keep within the rules. If not, then I shall gladly abide by them.

The government has been dodging the issue of price controls. I am glad to see Your Honour smiling so I imagine I am in order. The Prime Minister, the Minister of Finance and others have said repeatedly that they were convinced that such a system would not work at this time. They have insisted that a program of partial controls was doomed to failure. When I spoke in this house some few weeks ago I not only said that we should have controls but, and I repeat, I said that prices should be rolled back. I did not get much support for that idea from any part of the house.

Mr. Gibson: Hear, hear.

Mr. Murphy: I think the hon. member for Comox-Alberni—why doesn't he get a constituency people can spell?—agrees with me. They have insisted, too, that a program of complete controls would not work because of enforcement. Here again we have another display of Liberal government inconsistency. Harking back once more to the budget address of the minister we find these words, referring to the government:

> We can restrain the expansion of credit; and we can apply direct controls either to particular conditions or, if necessary, more generally.

The government should make up its mind. Either there is inflation, or there is not. Either it can implement price controls to relieve that trend, or it cannot. This is the government that boasted during and after the war of its tried and proved experience and of the success of its price control policy. What do we find now? Out of all its vaunted wealth of experience and great leadership, what do we find? We find the government callously indifferent to the plight of the people, particularly those in the low income and pensioned groups, aggravating inflation, increasing the cost of living by taxation, and capitalizing, again by taxation, on the everyday requirements of Canadian families.

This is experienced Liberal leadership in this time of global travail. This is the steadying hand of the experienced Liberal administration upon the national economy. This is the crystal wisdom of the experienced Liberal administration as it counsels individual thrift and saving.

What an inspiring spectacle it is as this experienced Liberal government splurges the taxpayer's dollars on such things as the removal of the federal printing bureau to a seaside site in swimming Hull, as it controls and buys all the goods and all the materials it requires for defence, but controls and stabilizes the flow and the prices of nothing at all that the public wants. What an inspiring spectacle of experienced leadership when it boasts of effecting a saving of several million dollars in governmental expenditures this past year and yet hands out $65 million on an unexplained basis to the wheat growers of the west.

What a magnificent picture of experienced Liberal leadership it makes as the government calls for more and more production and yet slaps a 20 per cent surcharge on the income tax of the worker who must work harder and longer hours to achieve the production the government deems so necessary. The splendour of that scene grows more dazzling as one looks at agriculture and the leadership that has been afforded in that field. Experienced Liberal leadership has brought the dairy industry in all its branches to the verge of ruin—in the field of cheese production and butter production. The policy of this experienced Liberal government might be summarized in a single phrase, a policy of drift and be—I had better not mention that word.

For the pensioners of Canada and for those on fixed incomes the government has no word of comfort. To them during this inflationary period the government, this experienced government, says there is nothing it can do, that they must shift for themselves and eke out whatever existence they can. But I submit that there is something the government could and should do. For so experienced a government surely it would be no great task to establish the margin of profit mark-up permissible on foods and clothing, two great factors in the cost of living index.

Mr. Deputy Speaker: I am sorry, the hon. member has exceeded his time.

Mr. J. H. Blackmore (Lethbridge): Mr. Speaker, I presume it will not be out of order to discuss some way by which we may have some hope of dealing with the high cost of living. One thing that is vastly desolating to a person sitting here listening to all the talk we have had thus far is the fact that not a word whatsoever has been offered as to how the government can raise the money to accomplish the objectives which the hon. gentlemen appear to have in mind. If that is the only function of an opposition, then I must confess that I am amazed that the opposition is such a worthless, helpless affair.

Mr. Fulton: Speak for yourself.

Mr. Blackmore: Exactly, I shall do so in a very short time. If we face the situation which confronts us straightforwardly and factually we will realize that there has to be coming into the hands of the government much more money than even now is being contemplated from taxation and other revenue measures which the government has in mind. What are we going to do about it? It would do me a lot of good to hear the leader of the opposition (Mr. Drew), with the experts who surround him, over on the government side proposing a budget. We could then see how he would do these things which the government is struggling rather earnestly—I would not exactly say desperately—to cope with. What I am going to suggest is something I have already suggested a great many times in the house, but something which in my judgment offers a real solution to the problem.

I do not wish to refer unduly to my C.C.F. friends, but as far as I can gather

anything intelligible out of all that they say about financing, they seem to contemplate taxation in addition to what we now have. In other words, we find no evidence of anything but taxation in the minds of hon. members of two opposition parties who attempt to attack this problem. The taxation which these C.C.F. gentlemen appear to contemplate is, in my judgment, a kind of taxation which will discourage the production that we desire so urgently in this country. I think that puts it accurately and simply. I may be quite wrong but I do not think I am. I am trying to put myself in the position of someone who probably might risk a million dollars to establish a plant in an endeavour to produce goods for Canada necessary for the war effort, and who has to contemplate such a threat as C.C.F. ideas seem to pose before any such person in the not too distant future if they ever get into power.

May I bring to the attention of the house once more the question of the possibility of debt-free money created by the state, in accordance with the production of the country and the productive capacity, as a means of obtaining additional revenue which will aid in the financing of the nation's affairs without taking anything away from anybody and without hurting anybody. My general approach to that problem on this occasion is going to be more or less scientific. It is based on a study of financial history over nearly the last two hundred years.

In my judgment there has come into the thinking of men in our day a strange species of fallacious concept with respect to debt-free money created by the state. I believe that if we are going to come through the dangerous times ahead successfully we must remove these fallacies which have come to be lodged so firmly in the minds of so many hon. members of the house and of the people throughout the country.

In order to show that I am not in the most disreputable company in the world when I propose debt-free money, may I quote a passage that appears in the annual report of the Right Hon. Reginald McKenna, chairman of the Midland bank, to the shareholders of the bank as recently as 1936. This passage is to be found in the London *Daily Times* of January 30, 1936, right here in our library. I invite the leader of the opposition and every other hon. member to consider this quotation with the utmost care as coming from a man who undoubtedly is no crackpot, no matter what anybody tries to say. He said:

> Additional currency, however, can now be furnished by the authorities, if they choose to exercise their powers without reference to the central bank's holding of gold. Thus the nineteenth century, which brought into general use a means of payment hitherto scarcely known outside London, brought also the machinery whereby it could be subjected to intelligent control. We learnt that a shortage of money may be just as vicious in its effects as an excess, though deflation has still a touch of virtue about it in the minds of many people. Nevertheless it is becoming more and more widely recognized that greater productivity calls for an increased supply of money, for otherwise prices will fall, business will stagnate, and the growing productive capacity will be unused. For money to be truly "sound" there must be enough of it to finance an ordinarily growing volume of trade, yet not so much as to give rise to an inflationary movement of prices.

I do not believe there is a man in the Dominion of Canada who can successfully argue, in the face of that solemn statement by Right Hon. Reginald McKenna, that it is not feasible and intelligent to suggest in this country that we at least create some debt-free money through the finance department.

It will be argued that now is not the time to do it because relatively we have scarcity of production. With the information at my disposal, defective as it possibly may be, I am not prepared to admit that we have a deficiency of production over all in most of the essentials of our standard of living. If we have, then I maintain it is the business of the Minister of Finance (Mr. Abbott), or some other responsible man in the government, to explain to us exactly to what degree there is deficiency of production in this country.

May I now turn to another man who I think, will be recognized. I think the leader of the opposition will have to recognize this man. I wish to quote this time Mr. A. F. W. Plumptre, who used to be Professor Plumptre, writing in the *Financial Post* of October 5, 1940, on the topic of "Putting Over The Next War Loan". He said:

> There are some general matters of theory which must be kept in mind in preparing for the next war loan. It must be remembered, primarily and seemingly paradoxically, that the government's object is not to get money but merely to reduce the public's spending. The government can always "get money" because it may, as an alternative to borrowing or even to taxation, create the required funds. This it can easily do nowadays through the leadership of the central bank and the co-operation of the chartered banks. In this way $200 million were created in this fashion last autumn.

I submit that if the opposition are going to be worthy of their salt they will have to ask certain questions and get the answers. One question that needs to be asked and answered is: At what stage of production in a nation is the creation of debt-free money and the circulation thereof justified by the production of that country? In other words, how much production need there be in a

country, or how much money can be in a country in relation to the production, before we are justified in creating money and putting it into circulation?

In my judgment that is one of the profoundest questions facing mankind today. What is the use of the leader of the opposition and dozens and dozens of other men in this House of Commons getting up and railing against communism and about the dangers of communism when they never give us the slightest hint of what can be done to improve conditions in Canada to enable us to offset the influence of communism within the country?

May I quote one statement which comes from another man who undoubtedly is worthy of high respect. I refer to Vincent Cartwright Vickers writing in a book called "Economic Tribulation", published in 1941, and which is available in our library. This is what he says:

> Any additional supply of money should be issued as a clear asset to the state; so that money will be spent into existence, and not lent into existence.

That will be found on page 75 of his book. There is no doubt as to the meaning of those words. They are clear. Ten year old children can tell what they mean. I ask the hon. member for Greenwood (Mr. Macdonnell) if he cannot tell what those words mean. If he can tell what they mean, why does he not put in some study on the matter with which this gentleman was dealing?

Who was Vincent Cartwright Vickers? Perhaps hon. members will be interested to learn. We find this information in a note written by his daughter, Wilma Cawdor, and appearing in the front of the book:

> Vincent Cartwright Vickers was born on 16th January, 1879, and educated at Eton and Magdalen College, Oxford. He was a deputy lieutenant of the city of London, a director of Vickers, Limited, for twenty-two years, and a director of the London Assurance from which he resigned in January, 1939. In 1910 he was made a governor of the Bank of England, and resigned this appointment in 1919. Later, he became president of the Economic Reform Club and Institute.
>
> He died on 3rd November, 1939, after a long illness during which, against time and with failing strength, he was working and writing on economics.

The book he was seeking to finish was this very book "Economic Tribulation", as being the essence of this man's experience which he was contributing to the well-being of his fellow men. Does not the hon. member for Greenwood imagine this man's words are worth listening to? I am sure he would feel quite honoured if he could attach to his name all the distinguishing features which I have read about this man. So would any member of this house. I do not think the Minister of Finance, with all the jaunty assurance he possesses, would dare cross swords with a man having such a reputation without a great deal of very careful preparation.

Well, then, why do we find so many people who just will not pay attention to the words of men like Mr. Vickers, so well informed and so well able to suggest a means of solving the problems of this generation? This book by Vincent Cartwright Vickers was written in 1939, before the war. Is it to be supposed that he intended his message to be of no value until a long time after the war, or did he intend it to be a valuable contribution during the war and the peace which was to follow?

The trouble is that the moment we make suggestions as to the use of debt-free money like those I have made already, we find people coming out with such words as "inflation". Many of them have not the faintest idea of what constitutes or causes inflation. The fact is that we have an inflation now, probably the worst in our history, after we financed a war with the soundest of sound money according to the most rigid orthodox principles the hon. member for Greenwood or the Department of Finance could imagine. The fact that we have such a terrible inflation now and do not know what to do about it ought to be pretty good evidence that their sound money ideas, according to the doctrines of orthodox finance, may not be quite so sound as they appear.

That is the thing we face. What has caused this inflation? The other day I listened to the leader of the opposition talk about inflation. Some of his remarks the Minister of Finance met with the expression "nonsense". I believe the minister was justified, because I must declare that the leader of the opposition was talking the most simple nonsense I have heard a man talk on inflation in the last fifteen years.

Mr. MacInnis: How would the Minister of Finance know he was talking nonsense?

Mr. Blackmore: He knew it that time, anyway. I wish the leader of the opposition were in his place, but he will be able to defend himself on a later occasion, and I shall be here when he does it. The point is this. Is it not a most alarming state of affairs when the leader of the official opposition in the House of Commons cannot even tell definitely and clearly what inflation is, what it means, and what causes it?

The other day the Minister of Finance said this inflation was a world phenomenon. Well, every one of the countries involved in this world phenomenon is conducting its affairs under orthodox finance, with which the hon. member for Greenwood is so completely enamoured. How in the world, then, has this inflation been brought about?

Cost of Living

Just to emphasize the truth of what I am saying, when the Bank of Canada was organized we were led to believe this would be a measure to protect us against inflation. Well, we fought a war under the Bank of Canada. We have come through the war into the peace under the Bank of Canada. There are corresponding central banks all over the British commonwealth and in other countries, but notwithstanding that fact we have this inflation which is so serious as to alarm the bravest of us in this country. What is the matter? That ought to be enough to warn every member of this house that we just cannot treat these matters too lightly.

On April 19 I put on record a number of questions which were to guide those honestly seeking for truth concerning money, in their studies and thinking. The suggestion was definitely embedded in one of those questions the answer to which—if we would only learn the facts about finance and not the fancies, with which we are being regaled so frequently by the presidents of banks all over this country—would probably furnish the solution to many of our problems and show it to be right in our financial system. The longer hon. members study this matter the more they will realize the truth of what I am saying.

But now when debt-free money is mentioned if they do not call out "inflation" they scream "remember Germany", as though what happened in the inflation in Germany had anything on earth to do with debt-free money. They are referring to the German inflation, about which I shall have a little more to say in a few moments.

Those who have been informed by the deputy minister of finance and the men he has gathered around him as his cohorts and supporters will scream "fiat money", as it was used in the days of the French revolution. Their reference, of course, is to assignats, from the like of which they hope heaven will deliver us. A careful study of the assignat experiment will reveal much that can help us even today. The trouble is that the people who speak about that great experiment do not know the facts, and they will not take the trouble to find them. Instead, they permit themselves to be deluded by the deputy minister of finance. He is not here, but he is perfectly free to have his representatives and minions here in the house—and he has quite a number of them—disprove what I say. I challenge the deputy minister of finance and all his department behind him to contradict what I say.

If hon. members do not cry out one of these things, they will say, "Just think of greenbackery in the United States under Lincoln! Heaven deliver us from that". Well, a careful study of the greenback experiment does not justify anyone in forming such an extravagant adverse conclusion, as I shall indicate shortly.

These four parrot cries, inflation, Germany, assignats and greenbacks, must be disposed of before any progress will be possible in our study of money.

If the hon. members of this house and the people throughout the country are disposed to be imposed upon by these four parrot cries, nothing can be done. But if they are disposed to probe into the problem themselves and get the facts they will not be imposed upon by these four parrot cries. These parrot cries constitute the first hurdle to be scaled before debt-free money proposals will be even listened to. But for any individual with an enlightened mind, free from bias and prejudice, these four parrot cries are easy to dispose of, easy to sweep utterly out of the way. In fact, they constitute no hurdle at all but rather an encouragement to us to probe into the possibilities of debt-free money.

Now, as to inflation; what is inflation? The leader of the opposition the other day evidently had in his mind three definitions of inflation, and they were all wrong, or at least they were only right a number of years ago or right in accordance with the propaganda of the banks. It has been said that an increase of money is inflation. In one sense, we grant that is true, but no hon. member of this house will say the word "inflation" as we use it today means an increase in money. Then, it has been said that any undue increase of money that is unaccompanied by an increase in products is inflation. Well, that is coming somewhere near it. Another definition is any increase in money which is too great for the gold in the country that backs the money. The realistic definition of inflation has been literally hammered into the heads of everybody in Canada and the United States during two terrible wars as being, any rise in price, no matter what the cause or causes may be. Unless you do have a rise in price, any financial process is not inflation. What the leader of the opposition has got to do is to learn what inflation is, or he cannot discuss intelligently the present inflation, and all those who listen to him will just have their time wasted on this most vital matter. I could say a great deal more about inflation, but I do not think I will at the present time because I am busy with certain other things. I shall come back to inflation by and by,

whenever hon. members, including the leader of the opposition or the hon. member for Greenwood (Mr. Macdonnell), will question what I am saying.

The important matter before us now is, what part can money play in causing inflation? The answer to that is simply this: if we get into circulation more money than goods, as the hon. member for Greenwood said the other day, "when you have too many dollars chasing too few goods," that is the only justifiable monetary reason, as I think the hon. member for Greenwood will agree, for an increase in price. My question is: is that what has caused the present increase in price? I just raise one illustration, because I do not wish to go into too much detail. In April of 1946 the steel companies in Canada acting with government consent raised the price of steel by $5 per ton. Would the hon. member for Greenwood or the Minister of Finance or any other hon. member in this house say that was caused by too much money in circulation? Would the hon. member for Greenwood or the Minister of Finance or anyone else in the house tell us that you could make the steel companies take $5 off their price by taxing any amount of money away from the people of Canada?

The next thing that occurred, as all hon. members will recall, was that the steel workers struck for a share of that five dollar increase. The result was that the steel workers received an increase in wages, thereby increasing the cost to everyone employing them just as the increase in steel prices increased the cost to everyone using steel in manufacturing his product, directly or indirectly. Will anyone tell us that steel prices would be reduced or that wages would be reduced or that you can bring down the increased cost of living which resulted from those two factors, by a tax? Why, the very thought of it is preposterous, is it not? If it can be found that all the factors which have resulted in the great inflation we are suffering from are the result of incidents similar to that which occurred in the increased price in steel, will somebody tell me how on earth any amount of taxation in this country can reduce the cost of living? It is an absurdity! It is for that reason that I say the first thing we must do is know what caused this inflation; then we can set about seeing whether or not we can remove the causes or offset them. I shall have more to say about this later on.

May I just give a quotation to the house which will tend to establish the truth of what I have just said, that the thing which governs the amount of money which a country can have in circulation is the goods and services a country has in circulation or available for use in exchanges which people desire to make of these goods and services. Money is a medium of exchange as all people know. What do you need money as a medium of exchange for? To effect exchanges. When can you effect an exchange? When you have for example apples to trade for potatoes, or barber services to trade for railroad services or railroad services to trade for coal. In other words, the amount of money which you can have in the country depends on the goods and services you have in the country, and the disposition of the people in the country to effect exchanges. Now, the very minute you get that point clearly in your mind as a fundamental, you have to look on money altogether differently. The very first thing you will do if you want to find out whether we can create money and put it into circulation today in Canada will be to ascertain how many exchanges we are able and prepared to make in Canada. How many goods and services have we which we could exchange and have to employ money in the process?

I am going to read a quotation from a valuable little work by Sir Norman Angell called "Your Money." This little work is in our library. The article was written when the Social Credit government went into power in Alberta. The *Financial Post* caused it to be written, and the general object of the dear old *Financial Post* was to scare people away from Social Credit. As a matter of fact, what Sir Norman Angell said was just the thing to show that Social Credit was completely sound in its attitude towards money. On page 13 members will find the words which I am going to read, so they can read them at their leisure. You will find that I have not taken the quotation from its general context.

> Now, it would make no difference to the value of Law's money—

By the way, Law's money preceded the assignats by a few generations. Law's money was a really wonderful experiment.

> —that it should be "backed" by the resources of the Mississippi valley, or to the French revolutionary money that it should be a mortgage upon the national possessions, if the moneys were issued in too great a quantity in relation to the exchange of goods to be effected. Both of the moneys just mentioned became utterly worthless, although the whole resources of France and the French empire did "stand back of" them. If the quantity had been limited it would not have mattered in the least that nothing stood behind them in the material sense.

How sound those words are. I am sure the member for Greenwood can understand those simple words, too. I shall continue:

> So long as they were legal currency, and their quantity was limited, their value would have been maintained.

Which means that "backing" in the ordinarily accepted sense does not make a bit of difference to the value of the money.

What wrecked them was their excessive quantity.

No member in this house has advocated excessive quantity; certainly no Social Crediter has.

If the effect of putting material wealth "behind" money is to limit the quantity, to cause it to bear some quantitative relation to goods, the device, of course, serves the purpose of limitation. But it is the limitation of quantity which constitutes the guarantee of its value. Ricardo saw this quite clearly when he wrote:

"There is no point more important in issuing paper money than to be fully impressed with the effects that follow from the principle of limitation of quantity. It is not necessary that paper should be payable in specie to secure its value; it is only necessary that its quantity should be regulated."

May I break in here to ask once more: Quantity in relation to what? The exchanges which are to be effected in the country! And where is the man in Canada today who can tell us what is the number of exchanges that can be effected in this wonderful country? And what would be the number of exchanges which could be effected if you could put more money into the hands of consumers? And what would be the number that could be effected in the course of a year if you liberated the productive capacities of this country? These are the matters which in my judgment are matters of great importance and of great promise of hope as we approach the financing of the dangerous days ahead. I continue:

Now this truth, that the value of money depends in the last analysis, not upon the material of which it is made, or upon being "backed" by this or that commodity, but upon its quantity, opens up great possibilities for man.

I am endeavouring, Mr. Speaker, to canvass some of these possibilities before this house this afternoon. I continue:

He is not necessarily in this vital question of money the slave of a circumstance outside his control like the discovery or the failure to make adequate discovery of gold. He can control his money, make it his servant instead of his master, if he can learn the trick, the technique.

And the trick or the technique is learning how to measure or calculate the number of exchanges that can be effected and how to increase the possibility of exchanges and how to cause those exchanges to be made. I submit that just as soon as an effective study of this matter is made by the members of this house, the presidents of banks in this country, the presidents of mortgage companies, and all the other men who think they speak with authority, and are in a position where people listen to them, even if they are telling what is untrue, the better it will be; the important thing for those gentlemen all to do is to begin to examine with the utmost care these pages which I have put on record of the writings of some of the most reputable financial experts to be found probably in the history of the world, in order to see whether or not something cannot be done to help this country and its neighbours, out of the difficulty in which everybody recognizes we now find ourselves. I have a great many things, which I hope to say regarding this matter.

I wish to go on with some more comments which have an important bearing on the whole thesis that I am attempting to develop. I wish to refer to the German inflation. If all goes well, before we leave this session I propose to go into detail with regard to the German inflation and to give authentic information with which everyone will have to agree. Was the German inflation caused by debt-free money? I would advise hon. members to read Paul Einzig's book "World Finance Since 1914"; he is a gentleman who has in all probability known and told the truth; this is what he said. I am reading from page 47 of Paul Einzig's book that we find in our library:

In the case of Germany, inflation was forced upon the government by excessive reparation demands.

Did the hon. member for Greenwood (Mr. Macdonnell) ever hear of that? I will wager that he never did. I will wager that you could not get Dr. W. C. Clark, the deputy minister of finance, to acknowledge that unless you pounded it into his head. But there is the fact; and in due time, Mr. Speaker, if all goes well, and if the members of the house will permit me to do so, I will adduce evidence to support everything that Paul Einzig has said here. Meanwhile, may I point out these facts concerning the German inflation: Every mark was borrowed from German banks. Do hon. members get that? Every mark that made up the German inflation was borrowed from German banks in most acceptable orthodox fashion, to pay interest on Germany's war debts. Would the Minister of Finance or the hon. member for Greenwood object to that? That was good, sound, orthodox financing. Why did it cause inflation in Germany? Germany owed 147 billion gold marks internally at the close of the war, of which 58 billion was floating debt and 89 billion was funded debt. Would the hon. member for Greenwood advocate that Germany should have repudiated those debts? Or would the Minister of Finance have argued that Germany should have repudiated those debts? I do not think so. Would Dr. W. C. Clark have advocated such a thing? I do not think so. Then the question those gentlemen will have

to answer is: How in the world could Germany have managed matters in those times?

To make matters worse for Germany, this also happened: The London conference caused Germans to pay one billion gold marks in August, 1921; 362 million marks in March, 1922; and 254 million marks in August, 1922, to Belgium, a total of 1,622 million marks. I refer hon. members to Sir Norman Angell's "The Story of Money", page 345.

If you want the genuine cause of the German inflation, there is part of it—but just a part of it. At a later time, when I get an opportunity to do so, I will go into detail on the German inflation and I will quote authorities that no man in this house can question or will attempt to question. For men like bankers or anyone else in this country to meet the proposal to issue debt-free money with the cry "Germany" is for them to manifest ignorance, stupidity or downright hypocrisy; and I imagine that all three participate.

May we now turn for a few moments to the assignats experiment, the French republic's state-created, debt-free money? What caused the disastrous rise in price or the fall in the value of the assignat? Here are the general disadvantages under which the assignat functioned: The thing that was behind the assignat was a parcel of land, something like a quarter-section of land only smaller. How long would Canadian money maintain its value today if it had only a parcel of land behind it? That was what was behind the assignat unit of money. The word "assignat" means an assignment of land. Then every assignat was at least about $10 in value—$10 to $20. How long would Canadian money continue to keep up its value if the only denominations were $10 and $20 bills, and if there were no $5, $2 or $1 with which to make change? Then there was an unstable government which dared not tax. The government which issued the assignats was a revolutionary government which had just recently established itself and was not sufficiently stable in its position to enable it to tax. What would happen to Canadian money under conditions like that? And there was a disruption of industry at that time due to civil war which had been very costly. Then again France was under the blockade of Britain at that time, and British blockades in those days were pretty airtight; so that they could not get the goods imports which they had been used to. In addition to that, Mr. Speaker, the French people in France were fighting wars on all fronts. May I read a statement from "Monarchy or Money Power" by R. McNair Wilson, in which he is discussing the assignats. Here is a statement which the hon. member for Greenwood and the Minister of Finance, busy as these gentlemen are, will have time to read. Here it is:

> The French had financed fourteen armies on their paper money—

So evidently it had not been worthless all the time. I continue:

> Why should not other nations do the same? Consequently, as has been seen, the money power in every country of Europe exerted its utmost efforts to discredit the French paper money. Success was achieved by frightening the producers of food so that they refused to part with their bread and meat in exchange for assignats, which consequently lost all their value. This is the method invariably made use of to "crash" a paper currency.

Who are behind all the propaganda that is trying to scare us away from using debt-free money? The money power presumably. Who are behind all those banks and trusts that issue their specious talks? The money power no doubt. How many men in the department of the Minister of Finance are under the control of the money power?

Mr. Abbott: None.

Mr. Blackmore: Well I should like the minister to prove that. We will probably find out by this simple little rule: By their fruits ye shall know them. And the fruits of the Department of Finance during the last fifteen years certainly have not indicated that they were free agents to do for Canada what they ought to have done. Just as an example, in 1935 when we Social Crediters first came here, when Canada's warehouses were literally bulging with food and her productive plant was probably only 70 or 75 per cent active, and over a million and a quarter men were unemployed, all of which were means of producing more goods than we produced, we should have had debt-free money. The Minister of Finance told us it would cause inflation. Well, in the light of what has happened since, was he not foolish? Who do you suppose told him that it would cause inflation, if it was not the deputy minister of finance, and who do you suppose deluded him? Is it to be imagined that a man, such as the deputy minister of finance, with the training that he has had, would not have had knowledge and sense enough to know that the creation, we will say, of $300 million, $400 million or $500 million of money in Canada, and putting it into circulation in 1934 and 1935, would have been beneficial completely and could not have caused inflation, when only just a few years later we had hundreds and hundreds of millions of dollars liberated in this country, billions of them in fact, and they did not cause inflation. We held them all under control until under the

insistence of the foolish remarks of the Conservatives we lessened control in 1946.

Some hon. Members: Time.

Mr. Blackmore: In the light of all these facts let us consider the possibility of debt-free money in this country as a means of solving or attempting to solve our difficulties.

Mr. Speaker: Order.

Mr. Blackmore: I shall have more to say, Mr. Speaker, the next time that I get a chance.

Mr. Higgins: Mr. Speaker, would you call it six o'clock?

Mr. Speaker: The hon. members would like to call it six o'clock.

Some hon. Members: Agreed.

At six o'clock the house took recess.

AFTER RECESS

The house resumed at eight o'clock.

Mr. G. F. Higgins (St. John's East): Mr. Speaker, I did not mean to come into this debate as early as this, but as there is a possibility that it may not last any more than two or three days longer I felt that I should say something, coming as I do from the province that was described this afternoon by the hon. member for Portage-Neepawa (Mr. Weir)—I may be a little wrong in the way I got his description—as the baby sitter province. It may be the baby sitter province, but it has also been described in such terms as the baby bonus province. The promotion to baby sitter province is rather pleasing to hear. The hon. member may have said baby sister province; I am not sure of that.

Mr. Sinnott: Oh, yes you are.

Mr. Higgins: You should know that you are better able to answer it. To me the subject is of such paramount importance, not only to this baby sitter, baby sister, baby bonus, bag of bones province that it may be if this present inflation continues, but to all Canada. Therefore I need no excuse for intervening in this debate for a short time.

I am not going to speak as eloquently as the hon. member for Lethbridge (Mr. Blackmore), nor am I going to try to become as involved as the hon. member became, and here I mean no disrespect, in trying to explain what inflation is. All I am going to do is to add my small voice to what has been said before so well by so many hon. members, especially those on this side of the house. Even though we have not heard it from hon. members on the other side because they would not like to talk like this, in their heart of hearts I am sure they are bound to agree with all that has been said about the cost of living in Canada. If they are honest, as all hon. members are, they are certainly going to agree that there has been a tremendous increase in the cost of living in Canada.

The hon. member for Lethbridge asked: What is inflation? The hon. member said that the leader of the opposition (Mr. Drew) could not define inflation and then he (the hon. member for Lethbridge) went on to show in various ways just what inflation was. Whether it is right or wrong, to me inflation means that there is more money coming out of my right-hand pocket, to use the vernacular, to pay for the ordinary things of life, the ordinary eating and the ordinary clothing of the people of Canada than there should be. That to me is inflation.

If we have to pay more for what formerly we used to get for cheaper prices, that is inflation. That may not be very descriptive of the real meaning of inflation, but if a great majority of the people of Canada feel that they should not have to pay as much to live in Canada as they have to today, then they must ask what is the cause of that. The cause of that appears to me to be an artificial raising of prices. How those prices were raised is beyond the ordinary mathematics that I know. I cannot possibly give a reason for it, but I am sure the Minister of Finance (Mr. Abbott), who is a very clever person, who is a very charming person, who is very well versed in these matters, will at some time during this debate come in and explain to hon. members of this house why this situation exists and why the government has done nothing about it. It is strictly a job for the government of this country. Whether we like it or do not like it, the only power in this country to take steps to control what everybody realizes, what everybody appreciates and what everybody is worried about, that is the cost of living all over this country, is the government.

It is all very well to say that the people who make good money need not be worried, that they are not kicking very much; but they have been taxed plenty. But what about these many thousands of people in this country today who must live on fixed incomes? I mean those people in receipt of pensions that were fixed when living was not as it is today; I mean people like those who are retired from the civil service, people who are retired from private companies, people who are retired from public companies.

There are thousands of people of that type whose pensions were fixed back four, five or maybe ten or fifteen years ago.

These people are receiving the same amount of money today as they were when their pensions were fixed. What becomes of these people? They get no relief in the income tax. Comparatively few of them need relief because comparatively few are in the brackets where income tax applies. But there are still quite a large number who have to pay the increased income taxes and who are still on these fixed pensions. It is those particular cases that I refer to now. What is to become of them? What is to become of the man or the woman in the lower income tax brackets, who does not pay any worthwhile tax? What is he or she to do about meeting the higher cost of living?

That is one problem that is absolutely right up the street of this government. Hon. members opposite know that. Let me say to them—I am not speaking words of wisdom about it—I refer to war veterans who are receiving pensions and teachers who are on pension. What is to become of these people? Are we to say to them that this is a war effort and they have to put up with it? But how are they to live? It is all very well for hon. members to say that "it better be live horse till you get grass", but after all, these are human beings and somehow they must live. What is the government doing about it? I have not followed all the past debates. As some hon. members know, I have not been here all the time, and because of the rather irregular mail service we have in my province *Hansard* has not been delivered as regularly as it might be, and as it has been in other provinces. For that reason I may not have read everything that every hon. member has said, but from what I have read and from the newspapers I have followed, it appears that the cost of living is exercising the minds of all the people of Canada, and indeed of all members of the House of Commons.

Whatever parties we belong to, whether we are on this side of the house or the other, if hon. members want to really speak their minds, one thing on which they have to be in common accord is the question of trying to curb what is happening in Canada today. That is why I call again upon the Minister of Finance, and call on him very deliberately, because it is his job, because he is probably closer to the whole situation than any other member, to speak on behalf of the government and say whether anything is going to be done, and if not, why not. Something definitely must be done. I do not suppose we can rouse the government from their lethargy with respect to this matter. I do not know whether it is lethargy. They feel they have an obligation but they definitely do not feel that they should discharge it at this time, or if they feel they should discharge it there may be many reasons why they will not discharge it. I still say it is for the government to say why that is so. We have had excuses that if they control prices labour will not be satisfied, that labour is not going to play the game, that labour will demand an increase in wages.

That is quite true, Mr. Speaker. Labour is today, and justifiably so, demanding increases all along the line, and who blames them? Who blames the men of the professions today for asking for increased fees? Who blames anybody who is earning money today for asking for an increased amount? They must ask for an increased amount if they wish to live, and that also applies to our fishermen in Newfoundland. It applies to the apple growers of Nova Scotia, the farmers of Ontario and Quebec and the lumbermen all over the country. The government says: We are not going to control prices because if we do labour is not going to agree. To my mind that is a fallacy. I do not know too much about labour although I have been associated with labouring men in various capacities for some years, and again I am only speaking of labour in my own province.

So far as I am concerned, in talking with labour people in Newfoundland and up here —and when I say "up here" I mean the mainland of Canada apart from the island province of Newfoundland—I find that labour is not unreasonable, that labour is prepared to hold the line, provided prices are stabilized. You cannot blame them. How can you expect a man to go out and try to earn his living today, come back with his money at the end of his day, week, month, or whatever it is, and have to pay the greatly increased prices prevailing in this country today? The hon. member for Lethbridge made some remarks this afternoon to the effect that my leader did not know what inflation meant. As I said earlier, I know very little about it either, but there are certain figures that were given to me over the dinner hour that I should like to quote.

These figures have reference to Ottawa only. I am not going to quote too many of them but they are all the prices of essential food products in Ottawa today and as they were on the first of January of the present year. On the first of January butter cost 69 cents per pound, and today it costs 80 cents per pound. On January 1 eggs were 55 cents a dozen and today they are 69 cents a dozen. I wish we could buy them

in Newfoundland at even that increased price. Milk rose three cents a quart to 19 cents a quart. Flour was quoted to me as having risen 4 cents for a 7-pound bag to 49 cents. The increase in a loaf of bread has been two cents. Lard has risen from 29 cents to 35 cents a pound; Canadian cheese from 49 cents to 59 cents a pound; tea from $1.15 a pound to $1.18; coffee from $1.08 to $1.18 a pound. Sausages have increased 14 cents per pound. Pork chops have increased 6 cents per pound, and the increase on hamburg has been 20 per cent.

I am not going any further into that list. I think these figures exemplify very well the great increase in the cost of living right in Ottawa. How these increases have been spread all through the country is very easy for hon. members from the various ridings to apportion. Naturally in my province the figures are entirely out of line. The original cost was greater and the proportionate increase has been greater. It may be that my leader does not know what inflation is in Canada, and possibly I do not know what it is, but the hon. member for Lethbridge will have to give other examples for me to be able to understand him. I do not mean any disrespect, but my idea of inflation, as I said before, is merely a rise in the cost of all things from what they were to what they are. That is inflation so far as I know.

I do not plan to be too long, Mr. Speaker, because I am sure other hon. members are vitally interested for themselves and for their constituents and will want to talk long and seriously on this matter. However, I want to reiterate something that has been said before. I am sure it has been said before because it stands to reason, because it is true. The other evil we have in the world today, apart from the rising cost of living, the other big matter that is exercising the minds of people all over the world, is the threat of communism. Like it or lump it, Mr. Speaker, whatever we say or whatever we do, communism flourishes in those countries where what is happening here now has happened before, where the savings of the people have been wiped out overnight, where the moneys that people tried to put away for their old age or for future illness went, as they are beginning to go here in Canada. Such countries were being prepared for communism. Like you, Mr. Speaker, and all other hon. members I do not want to see communism come in here. Quite recently an approximate figure was given us of the number of communists in Canada. I am not going to mention it, because I would be speaking only from memory and I do not want to do that; but we all realize it is a very serious problem, and we all appreciate that communism is nurtured by conditions such as those now existing in Canada.

As I have said, the people of Canada expect this government to tell us why they will not impose controls. They say they will not, but they do not tell us why. The Minister of Finance must explain that; he must show the people why it is not necessary to have price controls at this time. So far I have heard no explanation. I do not suggest that I am a particularly bright person but I am reasonably intelligent, and as yet I have not heard nor have I read in *Hansard* any explanation by the government as to why controls should not be imposed. And that task belongs to the government. It is not the job of the official opposition or of any other party in this house to explain why that should not be done. We all have our ideas on the course that ought to be followed. I am not going to inflict mine upon hon. members, but it is up to the government to give us a full explanation. The people of Canada are the jury, and they can come to their own decision in the matter.

For a few moments I should like to go back to my own province and detail the situation as I have seen it during the past few weeks. It is quite true that a majority of the working people in my province, chiefly fishermen, do not pay income tax. That is so for the very obvious reason that they do not earn sufficient money to become liable to the tax. But they certainly have to pay through the nose because of the rising cost of living. What is the answer? I came into this house with the other members from Newfoundland with the idea that we would do the best we could for what has been described as the youngest sister province. The bill of goods was sold to us this way in Newfoundland that if we came into confederation with Canada we would have a lower cost of living. Certainly that has not been the case. Today the cost of living in Newfoundland is higher than ever before. Of course I realize that the cost of living has gone up in the rest of Canada as well; but if you tried to tell the people of Newfoundland that they are living more cheaply than ever before they would not understand you.

By and large the economy of our newest province is based on fish. I hope I will still be in order if I discuss this matter very briefly, because it is part of this debate and part of the amendment proposed by my leader. The fishermen do not have to pay income tax, but unless the fishermen earn money they do not eat. If they do not catch fish and sell it, they do not eat. So if our newest province is to exist at all, we must

have assistance in connection with our fisheries; we must have a floor price for fish in Newfoundland. Whatever else the government may or may not do, it must do that. I am not going to revive other debates; I am not going to talk about the $65 million that was paid in connection with wheat. I am only going to ask that some small amount be set aside to provide a floor price for Newfoundland fish for this year. At the present time whole settlements in my province say they are not going to fish because they cannot get an undertaking that they will be able to sell their catch at a fair price. What is the good of talking to these people about the cost of living? They cannot even afford to buy the ordinary necessities of life if they cannot sell their fish at a fair price.

We have been told that we were never better off than we are today; that when we came into confederation we had $42 million, and that this was a lot of money, more than we ever had before in our lives. That is quite true, but what is happening now? By the terms of union we are not permitted to use that money to subsidize the fisheries. So even if the provincial government had the money—which they have not, because they have spent it—they would not be able to use it to give the fishermen what they want, that is the promise of a floor price so they may go fishing again.

I am not trying to make any particular plea for Newfoundland as such; I am speaking for all Canada, but instinctively you speak of the only place you really know. That is why I am using Newfoundland as an illustration. This is going to be a very bad year for Canada's youngest province unless something is done about the price of fish. There are members in this house who know much more about it than I do, and I hope they will say the same thing I am saying, because after all they have just as much an obligation to the people of Newfoundland as I have. You know, the youngest sister always needs a little more consideration than the older members of the family. So I hope hon. members opposite and particularly the Prime Minister (Mr. St. Laurent), who has always taken a deep interest in the new province, will bear these things in mind and see to it that whatever the economic situation this newest province is given a chance to live. We are not asking for money down there; all we want is a chance to sell our fish, a chance to live. That is all we ask. Perhaps I may be pardoned for again referring to Newfoundland, but I am worried about the financial position of that province.

Mr. Speaker: Order. I did not interrupt the hon. member when he was speaking of floor prices for fish, but I would ask him now to confine his remarks to the motion before the house.

Mr. Higgins: You have been more than generous, Mr. Speaker, and I appreciate it. I will say no more on that matter at the moment but will let it speak for itself; and I thank you very much for your consideration. So, Mr. Speaker, all I want to say in winding up this matter is this. Like all Canadians, I am extremely worried about this spiralling cost of living. I do not care what any member in this house says today, I do not care what any member of the government says today, controls of some sort have to be instituted; otherwise the people of this country have to accept a much lower standard of living than that to which they are entitled. It is all very well to talk about being unable to do this, but still it should be tried. To me, this inflation is like a balloon. If you like, it is comparable to the *Hindenburg* which some years ago was filled with helium gas.

An hon. Member: No, hydrogen gas.

Mr. Higgins: All right, hydrogen gas. It was an inflammable gas.

An hon. Member: House of Commons gas.

Mr. Higgins: Perhaps it was House of Commons gas, which is an inflammable gas. Whatever the kind of gas with which it was filled—this cost of living gas, whatever it is, is no joke. I say this as I close, that this balloon that has been inflated is getting more inflated every day, and unless something is done to curb this inflation, then we shall have what happened to the *Hindenburg* as an example: it will blow up. Because of an accident but a preventable one. Then, what will happen to all of Canada? I think, Mr. Speaker, that the Minister of Finance had better explain what is going to happen when and if that balloon blows up.

Mr. William Bryce (Selkirk): Mr. Speaker, at this time I should like to add my voice to those who are taking part in this debate. I want to assure you that I support this motion in connection with rising prices. I am not going to cover the ground that has been already covered, only I want to inform the government that the constituency of Selkirk is suffering from high prices the same as every other constituency. Prices have now become so high that it is practically impossible for these people to maintain the standard of living that they had some time ago. It is going to be a black mark against Canada if we have to lower our standard of living. People who are receiving pensions today, not only old age pensioners, but those who purchased annuities so that they would have

enough to live on during the eventide of their life, are being tremendously hard pressed. I could go over this ground again, but the members in my group and the members of the groups on each side of me have already pointed out these things.

It has been said that high prices are caused by the producer getting too much. I do not agree with that. Beef prices have been blamed for this high cost of living. It has been said that the sending of our cattle to the United States is the cause of high cattle prices. We have the remarks of the Minister of Trade and Commerce (Mr. Howe) at page 1759 of *Hansard* of April 9:

> That is the only practical way I know of of preventing the price of beef in Canada from following the price in the United States.

I have been in the United States recently and I find that prices there are much lower than ours. I made a study of it. I went to different places in New York and other cities and I found that beef and pork prices are lower than ours.

I believe the Winnipeg *Tribune*, in an editorial on March 6, 1951, hit the nail on the head. I am going to quote from that editorial which is headed "Those American Prices". It reads as follows:

> For many years it has been accepted as an axiom by Canadians that the cost of living in the United States is higher than in the dominion. One of the reasons advanced for the current upsurge in prices by Ottawa spokesmen is that living costs here are simply following those of the United States. Few seem to have questioned these assertions.
>
> Times have changed. Those familiar with prices of staple foodstuffs in retail stores south of the border claim that living costs in Canada, as far as many items of food are concerned, are substantially higher than in the U.S.
>
> The following are prices advertised on March 1 for food items of comparable quality and quantities picked at random in Minneapolis and Winnipeg retail stores:

Commodity	Minneapolis	Winnipeg
Sugar, 10 lbs.	$1.01	$1.40
T-bone steak, lb.	.79	.89
Soap (large size) 3 for	.33	.37
Flour—		
25-lb. bag	2.15	...
24-lb. bag	...	1.65
Picnic hams, lb.	.43	.55
Pork Tenderloin, lb.	.70	1.05
Milk, 2 qts.	.33	.34
Apples, Delicious—		
5 lbs.	.49	...
4 lbs.	...	.50
Granulated soap, large size	.34	.42
Pork sausage	.49	.49
Canned milk, 2 tins	.29	.32
Canned applesauce	.10	.15
Margarine	.41	.45
Brown sugar, 2 lbs.	.25	.31
Eggs, A large	.52	.55
Baby foods, 3 tins	.26	.28
Vegetable shortening, 3 lbs.	1.17	1.45
Grapefruit, half dozen	.25	.46

> The items in the above list are either standard brands distributed both in Canada and the U.S., or items of comparable grade and size. It was to be expected that fresh fruit and vegetables in the U.S. at this time of year should sell more cheaply than in Canada. But there is no apparent reason why many cuts of meat should cost more on this side of the line. Nor is there any apparent reason why margarine and shortening should be dearer here. Nor is there any obvious reason why eggs, milk and soap should be cheaper in Minneapolis than in Winnipeg.
>
> For many years Canadians accepted as inevitable that motor cars, radios, electrical appliances and all sorts of gadgets were cheaper south of the line. They consoled themselves with the thought that it cost the people in the U.S. much more for food. Apparently Canadians are now deprived even of this consolation, if the above price comparisons mean anything.
>
> Those who claim that Canadian food prices are simply following United States prices in the current upsurge are apparently talking through their hats—hats that would probably cost less in the States.

I believe that proves the fallacy of what the Minister of Trade and Commerce said, that if the consumer wants to have cheaper beef we cannot sell our cattle to the United States. We are selling our cattle to the United States, and beef is cheaper in the United States than it is in Canada. The editorial I have just read proves that, and I have been to the United States and have seen it for myself. I have checked it. I made a special trip on Saturday afternoon to find out just what was going on. The producer is receiving more, but the price to the consumer is lower, as I was able to see when I was there.

I believe that the middleman or the wholesaler, the packer and the people in the middle are afraid that price controls are going to be established and they are making sure that the price is high enough when price control comes on. I am also of the opinion that the people who believe in the private enterprise system, as we have it today, are taking more than the traffic will bear; they are too greedy. For instance, the Minister of Finance (Mr. Abbott) put a three-cent tax on a packet of cigarettes; the next day there was four cents added to the price. There is no reason for that procedure so far as I can see. That sort of thing is going on right along the line. I could quote a few more examples where the tax has been put on and then just a little bit more has been added to the tax.

The old days of competition have gone completely, because everything is now run by monopolies. For instance, as to the packing industry in Canada, I think there are only about four firms which control the whole thing. If you go back through the records of the House of Commons you will find described how they meet in the morning in order to agree on the price they will pay that day. If that sort of thing goes on, the days of

competition are gone forever. You have monopolies and they are now so powerful that I sometimes think they have quite a strong influence on the government.

I have here in my hand an editorial which appears in tonight's *Journal*. Even the Ottawa people are seeing the thing as I see it. The editorial is headed "Prices Here and in the U.S.", and it reads as follows:

Washington dispatches tell of further increases in U.S. prices of goods and farm products. The wholesale index now stands at 183·6 per cent of the 1926 average.

But let none of us have belief that living costs in the U.S. are higher than in Canada. U.S. rentals and food prices are higher, but not a whole list of other things that enter into the living costs of an average family. Textiles, clothing of all kinds, cottons, dresses for women, shirts for men, rayons and silks, household appliances, refrigerators, radios, motorcars—all these things are cheaper in the U.S. than they are in Canada. Indeed, since the application of Mr. Abbott's recent taxes, refrigerators, stoves—

Mr. Speaker: Order. I do not think the hon. member should discuss the budget at this time.

Mr. Bryce: If I am wrong, Mr. Speaker, I will stop. But I am only quoting. I am not discussing the thing. I am giving the other fellow's opinion.

Mr. Speaker: I do not think the hon. member should do that at this time.

Mr. Bryce: As I have said already, I do not want to do anything that is wrong. But I have not a university education as have some of these other hon. fellows, and I am trying to show that the cost of living in Canada is higher than it is in the United States, whereas we are being told different by the government. I have only three more lines to read, Mr. Speaker. May I read them?

Mr. Speaker: I suppose I may give the hon. member that latitude; but the point I wanted to make was that we should not discuss the budget resolutions at this time, nor refer to them. Under the circumstances, however, I will allow the hon. member to quote the three more lines.

Mr. Bryce: Thank you, Mr. Speaker. I appreciate your kindness. The editorial continues:

—and other so-called "luxuries" are considerably cheaper in the U.S.

We hear much from time to time of the need of protecting Canada against U.S. inflation. A window-shopping tour in any big U.S. city hardly bears out such need; nor does a glance at the advertisements in U.S. newspapers.

I was bringing this editorial to the attention of the house in order to back up what I myself had seen. I do not think I need to say any more, Mr. Speaker. I have made my point, or at least I have tried to do so. Prices are still rising and the government do not do anything about it. The living standards of the people here and elsewhere are going down. That is a disgraceful thing to happen in this fine country of ours. I am going to appeal to the government to check these rising prices or to do something about the matter. In 1949 the people sent this government back to power, and the least the government can do is to protect them against high prices.

Mr. G. R. Pearkes (Nanaimo): Mr. Speaker, I would be remiss in my duty to my constituents if I did not say a few words in this debate, inasmuch as I represent a part of this country in which there is perhaps a higher percentage than elsewhere of people who suffer from any increase in the cost of living. To Vancouver island many people from the prairies and from other parts of Canada move during their ageing years; hence I find that in the outskirts of Victoria and on the southern portion of the island there is a high percentage of retired civil servants, retired railway workers, pensioners from the services —people who have accumulated small savings and have hoped to live on those in the milder climate. It is that class of people who suffer more than any other class when the cost of living goes up.

I do not feel that the situation is something which can be remedied overnight. The world situation as it developed after world war II does not permit of any easy or clear-cut solution. We are apt to be living in an age in which crisis and tension will follow one after the other, an age of great difficulty, an age in which sacrifices will have to be made by people in every walk of life. But if the Canadian people and those of the other free nations of this world are prepared to live up to the demands of this particular age, I believe that we may be able to avoid another era of blood, sweat and tears. If that be so, then I think we must look at the attitude of the people of Canada as a whole, not necessarily the attitude of those people I represent. Strange as it may seem and, perhaps, strange as it may be for an opposition member to say, I do not believe that the majority of people in this country are concerned about the high cost of living. A great many of them are enjoying high wages. They are living right up to all their earnings. I would say to the Minister of Finance (Mr. Abbott) that it is not the high cost of living that the people are concerned about but rather the cost of high living. Until we can bring it home to the people of this country that they have to go back to the days in which the virtues of thrift and saving were recognized as virtues and not something to sneer at as belonging to an old era, we are never going to get a

government that leads. The government are not leaders today. Any government are a flock of sheep. They follow what the people want them to do and they will say to themselves: Well, the people are not asking us to reduce the high cost of living; they are asking us to reduce the cost of high living. So you find that the government quite complacently goes along and says: We do not have to do anything about this. This is the situation which exists in the country. We do not mind very much about that small 10 per cent of the people who are really suffering from the high cost of living. And so perhaps it is wrong, or perhaps it is unusual, shall I say, for a member of the opposition not to take full advantage of pointing out all the errors of the government. I do point the finger of accusation to the people of Canada today and say that they are not really facing up to the situation, and that as soon as there is a demand from the majority of the people of Canada to reduce the high cost of living, and not the cost of high living, then the government, whatever party may be in power, will accede to their wishes and something will be done.

Mr. E. G. Hansell (Macleod): Some hon. members I presume are groaning with pain. I am sorry—

Mr. Abbott: Pleased anticipation.

Mr. Hansell: —if I have to inflict more pain upon them, but if prices do not come down pretty soon we shall all be in pain.

The reason I rise at this moment, Mr. Speaker, as I fancied the debate was going to close, was that I did not see the Minister of Finance (Mr. Abbott) rising to his feet, and I do not believe that this debate should close until we have an answer from the minister. Surely, when an amendment of this kind is sponsored by the leader of the official opposition (Mr. Drew), and a debate has gone on for several days on a topic of such paramount importance in Canada today, we have reason to ask the Minister of Finance to answer the various charges and speeches that have been made on the amendment.

I get a little bit tired of this matter of coming down here and assuming that we are simply a debating society desiring to put things on *Hansard*, hoping that in the process we might perhaps get a little publicity one way or another, and pit one party against another. What we have in Canada today is a situation which is serious. That situation is explained in the amendment, and I do not believe that we should let this debate close without the minister satisfactorily giving us an answer, and an answer that is something more than an ethereal something that simply glosses the thing over or passes the buck. My leader whispers in my ear that the minister should not treat this matter with a conspiracy of silence.

We have a right to know. That is what we are here for. I do not believe that we should vote a dollar to the government until they satisfy us on these things. We know we are not voting money under the present motion, but there is more than one way of getting the minister to give an account of himself. We are trying to get into supply, and if he wants the money he had better come through with the answer. That is about the way in which we have to treat these things.

Surely the man who is responsible for the financial policy of this country, which policy results in the rising or lowering of prices, the amount of money that is in circulation, whether production is high or low, is the Minister of Finance. He is more or less directly responsible for that situation. He has his advisers. There is no reason in the world why he cannot give us an answer. It is not satisfactory to say that his answer is contained in his budget speech, because it is not there. Since he has his advisers, there is no reason why he could not say to this house: Well, now, if you really want to get down to brass tacks, if you really want to know the reason, we shall ask the banking and commerce committee to sit, and you can call in my advisers and they will tell you the reason for the high cost of living. That is, if the minister is not willing to stand before that committee himself, because somebody is behind the scenes pulling the wires, somebody is responsible for financial policy, and I think we should know who it is, and why they have permitted those things to happen.

Surely the minister must realize that he has an obligation to this parliament and to the people of Canada. I know what he says to us. Generally speaking it is: Well we are just one country of many and the situation is a sort of world-wide thing; just as though that excuses us. He reminds me of a song that was quite popular when I was a boy. I have forgotten how it goes, but I used to whistle it. The first line was: "Everybody's doing it."

Mr. Fraser: "Everybody's doing it now."

Mr. Hansell: Everybody's doing it now. Well, simply because everybody is doing it, does not mean that it is right. Because every other nation gets itself into this same sort of mess it does not mean that we have to get ourselves into the same mess.

Mr. Blackmore: Or a worse one.

Mr. Hansell: The hon. member for Lethbridge (Mr. Blackmore) spoke this afternoon, and he put some mighty interesting things on the record. There is no reason why the minister should not come through now and explain his position in the light of the authorities that the hon. member for Lethbridge quoted.

We live in an amazing country. We have a population of 12 million people.

Mr. Cruickshank: It is 14 million.

Mr. Hansell: We have a vast rich land and a great agricultural industry. There is no reason in the world why we should have to question whether or not we are going to eat tomorrow. I am not painting the picture too black. That is exactly what some people will be asking themselves if prices go any higher.

During the depression days we had a situation of unemployment. The old bogey was trotted out: Well, it is a universal problem. Just because other countries had an unemployment problem was no reason why we should have had it. But what happened? In those days goods were in abundance but people had no money in their pockets and the financial policy of the government was not able to take care of the situation. What happens today? Today people are employed; they have a bit of money, but prices have sky-rocketed so high that their money cannot reach the prices. So you have the same effect today that you had in the depression days. Surely the minister cannot absolve himself from responsibility in connection with those two features, depression in those days, goods but no money to buy them, and then today with money in our pockets we find prices so high that we cannot buy goods anyway. His financial policy is responsible for it. They did not have a policy in the unemployment days, and they do not have a policy now in the days of high prices.

The hon. member for Selkirk (Mr. Bryce) interjected to say that he did not have the university education that some other people have. Let me tell him that it does not take a university education to understand that you cannot buy meat at a dollar per pound with 75 cents in your pocket. As a matter of fact you might say that it is the university boys who have got us into this economic teeter-totter. Perhaps if they had a few people on the job who were realists and did not get mixed up with all these intricate things we would not be in the mess we are. We have the modern intellectual: more brains, less wisdom; more education, less knowledge.

That is the situation. Quite often people come along to me and ask me whether I am a Social Crediter. I tell them I am and proud of it. Then they tell me that they cannot understand Social Credit. The first thing I poke back at them is something concerning our present monetary policy and I find that it is the present money system they do not understand. The things behind the scenes are so complicated that people are left in darkness concerning that very vital subject.

I am going to sit down, but first I say to every hon. member: We should demand of the minister that he give us an answer as to why his policy has permitted prices to rise and as to why his policy is not able to take care of the high cost of living. His responsibility demands that he tell this house why. Is the minister going to reply or is he going to sit still and indicate to the house that he has no reply?

Hon. Douglas Abbott (Minister of Finance): Mr. Speaker, I am going to take only a very few minutes. As I said the other day, unlike some hon. members of the house I try to avoid repetition. It is three or four weeks since on the invitation of the hon. member for Vancouver-Quadra (Mr. Green) I expressed in language as clear and succinct as I could my views as to what caused the current inflation and what the Canadian government was doing about it. I do not propose to repeat those views tonight. During my budget speech I spent considerable time reviewing again some of the causes of the current world-wide inflation which, as I indicated then, so far as Canada was concerned was largely an imported inflation.

I told what the Canadian government was doing in order to counteract these inflationary forces on the domestic scene. I appreciate greatly the deep faith displayed by some members of the house that the Minister of Finance or any minister of finance can cure inflationary forces which exist in Canada or in the rest of the world, but I want to assure them that their faith is completely misplaced if they think that I or any other person in my position or any government can cure those forces.

I was particularly interested this evening in hearing the brief but excellent speech by the hon. member for Nanaimo (Mr. Pearkes). With almost all that he said I am in complete agreement. I could not agree with his criticism of the government, but I was pretty well in agreement with the rest of the speech. One of the main reasons why we are having inflationary forces in Canada today is that every highly organized pressure group in the country is trying to make sure that rising prices are not going to affect them.

Cost of Living

On another occasion I made the statement that inflation is something more than an arithmetical fact, that it is a question of psychology and behaviour. Every time the costs of things rise, the highly organized groups in the country attempt to get higher wages or higher prices for their own particular products. They simply add fuel to the fires which we are trying to put out. I was particularly struck by what the hon. member for Nanaimo said. We cannot expect to superimpose a war effort of the dimensions we are now contemplating on an economy which is already fairly well employed without one of two things happening: either we increase our production or we diminish our standard of living.

It may be that some of the highly organized groups in the country will be able to maintain their position, but it will be at the expense of the people to whom my hon. friend referred, the pensioners, the people living on fixed income, people who are not highly organized. As I said the other day when speaking on the budget, the fundamental cure for this thing is for everybody to work harder and longer. We must do that if we want to maintain our present standard of living.

Mr. F. D. Shaw (Red Deer): Mr. Speaker, there are several things which I should like to say about the amendment moved by the leader of the opposition (Mr. Drew). Before doing that I should like to say to the hon. member for Nanaimo (Mr. Pearkes) that when he is congratulated by the Minister of Finance (Mr. Abbott) and applauded by Liberals he should beware.

The minister has asserted, not only tonight but upon previous occasions, that the inflationary trend within our country is a world-wide phenomenon, that it is imported. I am certain that if we were to go to the United States certain officials connected with that government would give the same answer, and the same would be true elsewhere. If that is to be accepted as a justifiable explanation for the conditions which prevail, then I ask: Is there any hope of solving it, or where is the start to be made?

Earlier this evening the hon. member for St. John's East (Mr. Higgins) gave his definition of inflation. I have no particular argument with his definition. All the hon. member for Lethbridge (Mr. Blackmore) did this afternoon was to elaborate upon certain fallacious beliefs which some persons harbour in connection with inflation. He also elaborated upon certain very real conditions which lead to inflationary trends within a country.

This is the thing which struck me most forcibly tonight. This amendment was moved on April 9. We have had the budget and prices are still going up day by day and hour by hour. The government has made a substantial contribution toward that condition. True, we pick up our newspapers and find demands being made for higher wages. Why? When a man reaches a condition where his wife cannot pay the accumulated accounts at the end of the month then in the absence of a government policy to meet the situation he has no alternative but to demand more in the way of income. We pick up the newspapers and we find the railways, for example, asking for another 14 per cent increase in freight rates, something that could be wholly disastrous to the economy of western Canada and many of those persons in western Canada who today are confronted with the high cost of living in all its hideousness.

We have not only had the budget but I would say to the hon. member for Moose Jaw (Mr. Thatcher) if he were here that we have also seen them fire General MacArthur, and that has not stopped the cost of living going up. Everything that has been done since this amendment was moved has had a tendency to force prices up and up and up. The pensioner, the person who finds it utterly impossible to meet the cost of the essentials of life today, is asking where it is going to stop. The same is true of low paid employees, and I dare say there is probably a larger percentage of them in the employ of the government than in the employ of any individual or groups of individuals. Why, Mr. Speaker, we even have to authorize some of them to go and baby sit in their spare hours in order to make enough money to meet the cost of living.

We have the widowed mothers, many of them trying to raise young families on $30, $40, $50 or $60 a month. We have our veterans of world war I and world war II trying to struggle along on pensions and war veterans allowances and their widows on allowances which have been granted to them We have many other groups whom it would not be difficult to mention. When I was back in the west during the Easter recess this was the common subject of discussion. The question most frequently asked me was: What does the government intend to do with respect to the problem of the present cost of living? I told them what the government had indicated as being its policy. I had to pass the comment

at the same time that I could not be convinced that their policy would have any immediate favourable effect upon the problem confronting them.

All one has to do is to examine certain available statistics to realize what has occurred since 1946. In that year we find that the cost of living index stood at 123·6; in 1947, 135·5; 1948, 155; 1949, 160·8; 1950, 166·5; and the latest figure we have for 1951 is 179·7. If this debate were prolonged for a few more days it is conceivable that we would have more reason for speaking with greater heat than anyone has spoken upon this occasion because it is my understanding that the cost of living index for the month of March will be issued in a few days. Then we will be able to judge the effects of everything that has been done up to this time to meet the situation.

A person having the average per capita income of $786 in 1946, on the basis of a cost of living index of 100, found himself deprived of $150 in purchasing power as a consequence of the inflationary condition. If he received the average per capita income of $822 in 1947, based on the 100 per cent cost of living index he would find that he had lost $215 as a consequence of the inflationary trend because based on the cost of living index of 1947 his $822 had been reduced to $607 compared with the base period when the cost of living index was 100. In 1948, if his income was the average per capita income of $919, based on the cost of living index of 100, he would find that by the end of that year his $919 had been reduced in effective purchasing power to $593, a loss in purchasing power of $326.

In 1949, with the average per capita income at $935, comparing the base period cost of living index of 100 with the index for that year of 160·8 the $935 would be worth just $582, or a loss of $353 in purchasing power compared with the base period. Then we come to 1950 when the average per capita income was $962. Taking the cost of living index at 100 it would be worth $962, but since the cost of living index was 166·5 the $962 had fallen to $578, or a loss of $384 in purchasing power. Then let us take the figures for 1951 up to the time of our last cost of living index announcement. The average per capita income during that period was $961, but having regard to the fact that the cost of living index was 179·7 the $961 had been reduced to $535, meaning a loss in effective purchasing power of $426.

These figures, Mr. Speaker, can be applied to any income that you may desire to take. I simply took the average per capita income for each of the years from 1946 to 1951. It is when hon. members are prepared to sit down, take these figures and undertake to ascertain their meaning as applied to old age pensioners and pensioners of other types, those trying to live on savings and our low income group of employees, that they will see exactly what effect the perniciously high cost of living has upon these groups of people. We have said before and we repeat that there is every evidence that health is being undermined as a consequence, and every evidence that morale is being undermined as a consequence. Of course the effect of these two things can certainly be adverse so far as any defence effort is concerned.

Recently in a speech in this house I indicated that I had received a great many communications from one dry-goods dealer in a town in my constituency. Since that time I have added a great many letters to the nineteen which I had then received showing the tremendous increases in the retail prices of footwear and clothing since the first of the year. The increases run as high as 25 per cent. I think we all realize that in any family where there are a number of kiddies, clothing becomes a very important item in the family budget.

As things are going today the only apparent solution is to go to the constituency of the hon. member for Kootenay West (Mr. Herridge) and join the Doukhobor sect known as the sons of freedom. If this keeps on I am afraid that is where many Canadians with low incomes will have to go. We know that the index for February showed the cost of foodstuffs running as high as 224·5 points as compared with 100 for the base period. It is my personal conviction that the most substantial item in the family cost of living, particularly where there are kiddies, is this matter of food. Merchants tell me today that their customers are finding it more and more difficult to meet their accounts at the end of the month. Not long ago it was my privilege to attend a dinner which also was attended by a group of twelve men engaged in the hardware, grocery, and other businesses. I asked them to tell me frankly what was their experience, and as I said a moment ago they pointed out that more and more people are unable to pay their accounts at the end of the month. I asked if that appeared to result from the fact that people were buying many things that might be characterized as luxuries. Their reply was that on the contrary there was every evidence that people were cutting down more and more, and purchasing only those things which could properly be regarded as strictly essential. Some of those merchants told me that in

many cases there was a falling off of volume, that people were spending the same amount of money but were obtaining substantially less for it.

I asked one of these businessmen whether it was his belief that many prices had been hiked unnecessarily as a consequence of the government's failure to indicate definite action in connection with price control. He told me of an interesting experience he had only a week before. A traveller came into his store and indicated that the price of a certain commodity had been increased by fifteen cents. He asked the traveller if he thought that increase was justified. The reply was that it was not, but since the government had employed a policy of controls if necessary but not necessarily controls they had increased their price by fifteen cents, so that if there was a cut-back of five cents they would still be ten cents ahead of the game. That sort of thing has taken place in many instances. True, there are many business people who have not taken advantage of the situation, but there is ample evidence that a great many have. I feel very much as the hon. member for Macleod (Mr. Hansell) expressed himself. We think we should definitely come to grips with this question and not just pass it off with the opposition voting for an amendment and the government voting against it, then allowing the matter to die. The hon. member for Macleod suggested that it would be a good thing if a matter such as this were referred to the banking and commerce committee of this house. Whatever else may be done I would urge that this course be followed. I am positive that as a result we would obtain some very enlightening and also very surprising facts.

I do not desire to take any more time on this occasion, Mr. Speaker. In conclusion let me emphasize that across this country we have groups of people who are finding it virtually impossible to pay their way. Only the other day I had a letter from an old age pensioner. Both he and his wife receive the maximum pension. He said that up to the present time, by cutting a few corners, they had been just able to pay their way, but that now they had reached the point where that seemed virtually impossible. If that was the case where both were receiving the pension, what must be the situation in the literally thousands of cases where only the husband gets the old age pension? Once again we urge the government to take appropriate action to meet this situation. The effects can be far more serious, as far as our nation is concerned, than some people seem to think.

[Mr. Shaw.]

Mr. George H. Hees (Broadview): Mr. Speaker, a few moments ago the Minister of Finance (Mr. Abbott) outlined his own philosophy and possibly that of the government on this whole question of the increased cost of living which is bothering members of this house and the people of Canada so much today. As I understand his philosophy it amounts to this, that the cost of living will continue to rise as long as various pressure groups within the country continue to try to get more and more for themselves. That is nothing new; that has been going on since the beginning of time. The minister implied that people are pretty well looked after because most of them belong to one or the other of the pressure groups who are getting more and more for themselves.

Mr. Abbott: Oh, no, he did not.

Mr. Hees: There is one very important group which many hon. members have pointed out in the last few days is not looked after; that is people on fixed incomes, such as pensioners.

Mr. Deputy Speaker: Order. I must inform the hon. member that he has already spoken in this debate, and he may not speak twice. He spoke at page 1757 of *Hansard*.

Mr. Hees: I think you will find that I spoke during the budget debate, but not during the cost of living debate.

Some hon. Members: Sit down.

Mr. Deputy Speaker: The hon. member spoke on April 9 at page 1757 of *Hansard*.

Mr. Alistair Stewart (Winnipeg North): Perhaps I can say a few of the things which were in the mind of my hon. friend. I listened with interest to the remarks of the Minister of Finance (Mr. Abbott) because the defence he put up, if it was intended to be a defence, was remarkably poor. The minister said he had not prepared it, and that I can well believe; but if he had prepared it I doubt if it would have been any better. There was no inkling or suggestion of a clue as to what the government was prepared to do about this tremendously vexing problem of higher prices and the rising cost of living.

The minister said there were pressure groups. I do not know what sort of pressure groups he had in mind; perhaps the Minister of Justice (Mr. Garson) could enlighten me. It would be very interesting to hear that the judges of Canada came down here as a pressure group to get an increase in pay or in pensions. I would doubt that such was the case; I rather think that out of the goodness of his heart

my hon. friend decided to give the judges of this country a little more money, of course thereby adding to the inflationary trend which the government has deplored. He is willing to do that for a certain group, which perhaps is not a pressure group, but he is not willing to do it for others.

There are two basic pressure groups in this country, of course. There are those who want controls taken off and kept off. That pressure group is made up of members of chambers of commerce, industrialists, managers of industries and entrepreneurs. That is the pressure group that has got the ear of the government, for the simple reason that the government is obviously the political arm of big business. There is another pressure group made up of the working section of this country, organized labour and organized agriculture, who for some time now have been asking that controls be reinstituted; but the government has turned a deaf ear.

There is a small pressure group made up of superannuated civil servants who are hoping to get some relief from the Minister of Finance, but they are not strong enough to be heard. There is a larger pressure group, but very weak, made up of old age pensioners who are hoping that some alleviation may be made of their tragic situation as it exists today, but they are not powerful enough to be heard; they are not powerful enough to be felt. So the pressure group which has the ear of the government is obviously that which wishes to see no controls imposed at all on this country.

It is true that organized labour wishes to see increases in wages when there are increases in prices, but the price increases always come before the demand for wage increases. The worker has to negotiate, to conciliate, to get his increase. On the other hand his employer has a perfect right at any time to raise the price of what he sells to whatever height he thinks the traffic can bear. The Minister of Finance said something else, a song which he is continually giving to us. He talked about the need for an increase in production. If we could get an increase in production, then prices would fall, he argues. My hon. friend knows as well as I do that production has been increasing in Canada.

Mr. Abbott: But very slowly.

Mr. Stewart (Winnipeg North): It has been increasing slowly or quickly, but it has been increasing and prices have been increasing. His argument, therefore, falls to the ground. Even though as he says the increase in production has been slow, nevertheless there has been an increase and there has been no corresponding decrease in the cost of living. It has been quite the reverse; the cost of living has gone up.

There is another factor in the government's policy which impresses me; I am sure it has impressed others. People realize today the dollar is becoming worth less and less. They realize that the dollar bill, as such, is losing value. They are determined, therefore, to buy things because in things there will be some value. Therefore, by carrying out this deliberate policy of not imposing controls, the government is merely telling the people of Canada, "We are not going to impose controls; prices will probably rise and the best thing you can do is to buy those things which you need, and spend more". This is adding to the inflationary spiral which exists. There is only one political group in this country which I am satisfied is welcoming the government's decision, other than the Liberal party, and that is the communist party. They realize that inflation will hurt many people, will make them discontented, and it is on conditions such as these that the communists batten. They are amongst those who welcome the government's policy, a policy of inaction which is bringing nothing but misery to the people of this country.

Mr. E. D. Fulton (Kamloops): Mr. Speaker, there are one or two things which I think still remain to be said on this debate on the cost of living. Some of them arise out of a statement which was made a few moments ago by the Minister of Finance (Mr. Abbott), who adopted the attitude that, after all, this high cost of living is not peculiar to Canada; it exists in many other countries. It is, as it were, something which has been imported from outside; something which has descended upon us from the skies. It is universal, and the government really has nothing to do about it, no responsibility for it, and cannot do anything in any way to control it. There is a different attitude, Mr. Speaker, shown by the government with respect to anything for which they think they can claim credit. Then, of course, any good thing which descends upon this country, unlike the epistle according to Saint James, does not come down from on high but is solely and simply the responsibility of the government. All credit for those good things, according to the ministers who run this government, should accrue to them.

It is not good enough for any country, which carries on its affairs under a responsible system of government, for the ministers in charge of policy to say that this is some-

thing which is a universal complaint, and for which we have absolutely no responsibility.

Mr. Abbott: No minister has ever said that.

Mr. Fulton: I am glad to hear that, because that is a different impression from the impression given by the minister in his speech a few minutes ago. It is a different impression from that gained from the speech by the Minister of Trade and Commerce (Mr. Howe), and the Minister of Finance when he presented his budget.

Mr. Abbott: Just the contrary, he pointed out that there were certain things we could do domestically, and certain things we could not.

Mr. Fulton: I am very interested in hearing what the minister says, but if he wants to answer he can make a speech.

Mr. Abbott: I have said that I do not go in for repetition any more than is necessary. Unfortunately, that does not go for my hon. friend.

Mr. Hansell: Perhaps it is not worth repeating.

Mr. Fulton: Perhaps, as the member for Macleod (Mr. Hansell) says, it is not worth repeating.

Mr. Abbott: That may be, and it is certainly true of a good many of my hon. friend's statements.

Mr. Fulton: When the minister knows he has said something which really does not bear analysis and will not stand up under examination, then he says "Well, of course, I do not believe in repeating myself." It is probably just as well that he does not, because then the fact that his remarks do not bear analysis and do not stand up under the searching light of examination would become even more evident than when he first made the statement. He is not the only minister in this government who has said that this inflation is something about which the government of Canada can do nothing, because we have to wait for the United States or some other country—

Mr. Abbott: No minister of the government has ever made any such statement.

Mr. Fulton: The Minister of Finance should perhaps read his own statement, and he should read the statement of the Minister of Trade and Commerce.

Mr. Abbott: I have.

Mr. Fulton: And he should read the statement of the Prime Minister (Mr. St. Laurent).

Mr. Abbott: I have, and neither of them ever made any such statement.

Mr. Fulton: Well, I recall very distinctly—

[Mr. Fulton.]

Mr. Abbott: Quote *Hansard*.

Mr. Fulton: The Minister of Finance is never more effective than when he participates in debate from his seat. He is much more effective than when he participates in debate on his feet.

Mr. Abbott: He is good both ways.

Mr. Fulton: Obviously something which has been said here tonight is getting under the skin of the Minister of Finance, or shall I say getting under—well, quite obviously another portion.

Mr. Knowles: Under his skin or under his seat.

Mr. Fulton: The hon. member for Winnipeg North Centre has said it. I did not like to be personal. I do challenge any hon. member of the government, or any hon. member in any other part of the house, to read a statement on this subject by a minister as to what might or might not be done to control the increased cost of living and prevent inflation, that is to say to take direct action by the government, and to contradict me when I say their attitude has been that one of the requisites that must exist before we can take direct action is for a control policy to be instituted in the United States, and for that policy to take some effect there before we can do anything about it. I challenge any other minister or any other hon. member of the house to deny that the ministers of this government have repeated time without number, by way of excuse, that inflation and the rising cost of living is not confined to Canada alone. It is not something about which we should be distressed because it is a universal phenomenon; that was the word used by the Minister of Finance, and that was the description "universal phenomenon."

Mr. Abbott: World-wide, I think, was the word I used; world-wide phenomenon.

Mr. Fulton: Well, to be accurate, world-wide phenomenon. I am glad the minister corrected me. I am glad he admits to having used that phrase which he sought to deny a moment ago. So that that statement, repeated as it has been by the Minister of Finance, who says he never repeats anything—

Mr. Abbott: I was just correcting my hon. friend. I was not repeating it, I was correcting a wrong quotation.

Mr. Fulton: I am very interested in the minister's distinction between a correction and a repetition. They have made that suggestion, and they have repeated it as though it somehow excused the government of Canada from the necessity of taking any

action to protect the people of Canada; as though the people of Canada are to relax and rejoice because they are not alone in their sufferings; as though we should find some consolation in the fact that we are not alone; that although the cost of living is high, and although suffering is caused to our old age pensioners, our retired veterans, retired service personnel and retired individuals who had tried, through their own efforts, to provide for their own retirement, even without government assistance, they should be happy because, after all, they are not the only ones who are distressed.

Mr. Knowles: Better retire the government.

Mr. Blackmore: But then we have a Liberal government. They should take comfort in that.

Mr. Fulton: Yes. As my friend the hon. member for Lethbridge (Mr. Blackmore) has said, the government's attitude—and this is about what it amounts to—is this: Let these people continue to suffer because, after all, there are others suffering in other countries, and those who suffer in Canada can always be consoled by the thought that they have not a socialist government such as the people have in England.

Mr. Knowles: Order.

Mr. Fulton: Or that they have not a coalition government such as the people have in Australia.

Mr. Knowles: In British Columbia.

Mr. Fulton: Or that they have not the troubles that the people have in New Zealand or that they have not the troubles that the people have in the United States where General MacArthur seems to be taking the centre of the stage. The government attitude seems to be that here our pensioners and our retired people on fixed incomes can relax because, although they are sharing the universal difficulties with other countries, they have that unique, outstanding and unusual blessing, namely, that they enjoy government by the Liberal party here in Ottawa. That is the attitude of this government. That is about all the hope and encouragement they offer to the people of this country who are suffering—and they are not suffering abroad or overseas; they are suffering here in Canada—from the high cost of living.

Mr. Abbott: It is nothing to what we are suffering from now.

Mr. Fulton: I am quite sure the minister is suffering. The government do not like to hear people get up and criticize them. They do not like to hear people suggest that they could do something to ameliorate the situation if they would really put their minds to it and if they would not give us platitudes. This is the government which during the war and during the post-war years said so distinctly and so frequently that controls were the answer, controls were the thing that saved the people from the higher cost of living, controls were the thing which countered inflation in Canada. You remember, Mr. Speaker, as well as I do, and as well as every other hon. member in this house does, how the government took the credit for and boasted about the effects of its control program. No one maintains that controls will cure the basic cause of the evil. No one denies that other things are required to cure the things which cause this rise in the cost of living. But the government, by its own arguments in previous years with respect to controls, is stopped from denying that controls would check the disease, or that controls would prevent the cost of living from going higher. Admittedly, controls are a drastic measure. Controls are a measure which no one welcomes except one group in this house, and I do not wish to get into a political or doctrinaire argument.

An hon. Member: You had better not.

Mr. Abbott: Where is the hon. member for Eglinton (Mr. Fleming)?

Mr. Fulton: But no one, least of all the government that applied them, can deny that they did check the increase, and that during a period of emergency they were applied for that purpose. This government tells us that we are in a period of emergency, and they call upon the people of Canada for efforts which they would not normally be called upon to make in peacetime with respect to economic as well as military and tax measures. That government should not, I say, shrink from its responsibility of taking those measures which would enable the people in turn to put forward their best efforts, secure and protected in the knowledge that while they were doing so—as it were, concentrating all their energies on the task which lay before them, and which the government ask them to accept—this creeping paralysis of inflation, this disease of a constantly-increasing cost of living, would not be attacking them through the back door as it is doing today. This government which talks so much about the universality of the present state of affairs, which says that they can do nothing about it because the United States has not done anything about it, surely must have some answer to the fact that the controller of prices in the United States, Mr. DiSalle, speaking just a few days ago, said

that Canada would have no alternative in his opinion but to apply controls when the full impact of the defence buying program hit this country. I should like to ask the government what steps they are taking to prepare a control program. We are supposed to be pumping $5 billion in three years into the stream of purchasing power in this country. Is that amount of money to be pumped in without any steps being taken to protect the people from the enormous inflationary effect that it will have? Are we to go along blithely waiting until some other country does something first? When are we going to reach the point where even the government will admit that the cost of living has risen to the point where something must be done? Incidentally, Mr. Speaker, why are the official figures on the cost of living index for the month of March delayed beyond the point at which they are usually delivered? This is the 30th day of April. To my recollection, the figures on the cost of living index for the previous month have never been delayed beyond the end of the month following.

Mr. Abbott: The sixth or seventh.

Mr. Fulton: Not of recent months.

Mr. Abbott: Last month they were published on the sixth or seventh of April.

Mr. Fulton: On the sixth or seventh of April?

Mr. Abbott: Yes.

Mr. Knowles: The fourth.

Mr. Abbott: Was it the fourth?

Mr. Fulton: On the fourth of April?

Mr. Abbott: Usually it is in the first week of the month.

Mr. Fulton: I should imagine that the Minister of Finance—or, if not he, then the Minister of Trade and Commerce (Mr. Howe)—would have a fairly good indication as to what the official cost of living index for the month of March was. Does the Minister of Finance know that?

Mr. Abbott: No.

Mr. Fulton: The Minister of Finance does not know. The Minister of Trade and Commerce is not here. Does the Minister of Agriculture (Mr. Gardiner) know?

Mr. Gardiner: No.

Mr. Sinclair: Does the hon. member for Kamloops (Mr. Fulton) know?

Mr. Knowles: Did you ever see such an uninformed cabinet?

Mr. Fulton: The Minister of Labour (Mr. Gregg) is here. I believe the Department of Labour runs a cost of living index of its own. Does the Minister of Labour know what the cost of living index for the month of March was?

Mr. Gregg: On a point of order, Mr. Speaker, if I did know, it would be improper for me, as Minister of Labour, to tell it to the house tonight.

Some hon. Members: Oh, oh.

Mr. Hansell: Go on to the next one. He does not know.

Mr. Fulton: As to the Minister of Labour, I accept his concept of his duty as it applies to him, although I do not accept it as an accurate definition of the duty of a minister of the crown with respect to giving information to the house and to the country. I certainly cannot force the Minister of Labour to give information which he is reluctant to give, but I should still like him to tell me if he knows what the figure is.

Mr. Abbott: Make your speech; we are not in committee now.

Mr. Sinclair: Where do you think you are? In police court?

An hon. Member: Who is on the stand?

Mr. Fulton: The minister will not answer.

Mr. Sinclair: Do you know?

Mr. Fulton: I wonder if the Minister of Justice (Mr. Garson) knows.

Mr. Gardiner: He does not even know you are talking.

Mr. Fulton: The Minister of Justice is not interested, Mr. Speaker, so we will pass along to the Secretary of State (Mr. Bradley). I wonder if the Secretary of State knows what the official cost of living index is for the month of March.

Mr. Abbott: He has not been paying any more attention than the rest of us.

Mr. Fulton: No.

Mr. Fraser: There is one for the book.

Mr. Fulton: No; he has not been paying any more attention than the rest of them; and none of them have been paying any attention to their responsibilities.

Mr. Abbott: I withdraw that remark. I have been following every word.

Mr. Fulton: While they have been sitting there paying no attention to their responsibility over these months, the cost of living has continued to rise and will continue to rise so long as this lethargic—

Mr. Knowles: Uninformed.

Mr. Fulton: —uninformed, and uninterested government continues to sit here, neither interested in what the cost of living is nor concerned nor able to do anything about it, even though they do know—

Mr. Knowles: Try the parliamentary assistants.

Mr. Deputy Speaker: Order.

Mr. Fulton: No, I would not try the parliamentary assistants, because they can only speak for their ministers.

Mr. Fraser: They do not know.

Mr. Fulton: If the ministers do not know, obviously the parliamentary assistants would not know either. You know, Mr. Speaker, we can make a joke out of this; at least the government can very easily, as they have just been doing, but it is rather more serious than that. It is serious; it is not a laughing matter nor a joking matter in the eyes of the people of this country. It is a matter on which the people of the country demand some action.

Mr. Diefenbaker: They have a Gallup poll on it, anyway.

Mr. Fulton: We have evidence of what the people of this country think about the matter. We have evidence from the Gallup poll as to whether they think any action could be taken; and even if the Minister of Justice (Mr. Garson) neither knows nor is interested in what the cost of living is, he is the head of a department.

Mr. Abbott: Speak more loudly.

An hon. Member: Send him a note.

Mr. Fulton: If he were to take more interest in the department, if he had any concern for the situation through the legislation which is on the statute books to investigate and to prosecute those who make unfair profits, he could do something to reduce the cost of living. The Minister of Justice shows no more interest in that matter than he has shown in this matter, or is shown by the other members of the government; therefore, Mr. Speaker, we can see through the attitude of the government, which they have shown in this debate tonight, that they regard this whole question as one to which they can show a supreme indifference, and one on which, when any member seeks to get information from the government as to what they propose to do, what are the facts upon which some action may be based, they take the attitude: Oh, well, after all, you are only a member of the House of Commons; you are only a member of the opposition, and what you say, speaking for the people of Canada, does not matter very much, because the government, even if they did know what the situation was, would not tell you, and if they told you they still would not do anything about it.

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

YEAS

Messrs:

Adamson	Herridge
Aylesworth	Higgins
Blackmore	Hodgson
Blair	Johnston
Brooks	Jones
Browne (St. John's West)	Knight
Bryce	Knowles
Casselman	LaCroix
Catherwood	Lennard
Charlton	Low
Coldwell	Macdonnell (Greenwood)
Coyle	MacInnis
Diefenbaker	McGregor
Drew	Noseworthy
Fair	Nowlan
Fairclough, Mrs.	Pearkes
Ferguson	Quelch
Fraser	Ross (Souris)
Fulton	Rowe
Gillis	Shaw
Graydon	Stanfield
Green	Stewart (Winnipeg North)
Hansell	Tustin
Harkness	Wright
Hees	Wylie—50.

NAYS

Messrs:

Abbott	Dupuis
Applewhaite	Gardiner
Ashbourne	Garson
Bater	Gauthier (Lake St. John)
Benidickson	George
Blanchette	Gibson
Blue	Gingras
Boisvert	Gour (Russell)
Boivin	Gregg
Bonnier	Harris (Grey-Bruce)
Boucher	Healy
Bradette	Helme
Bradley	Hetland
Breithaupt	Hosking
Brisson	Huffman
Bruneau	James
Campney	Jutras
Carroll	Kent
Carter	Lafontaine
Cavers	Laing
Chevrier	Langlois (Gaspe)
Claxton	Lapointe
Cleaver	Larson
Cloutier	Leger
Corry	Little
Cote (Matapedia-Matane)	Macdonald (Edmonton East)
Cruickshank	MacDougall
Dechene	MacKenzie
Dickey	
Dion	

Postal Service

MacLean (Cape Breton North and Victoria)	Riley
MacNaught	Rinfret
McCann	Robertson
McCulloch	Rousseau
McIlraith	St. Laurent
McLean (Huron-Perth)	Simmons
McMillan	Sinclair
McWilliam	Smith (Moose Mountain)
Masse	Stewart (Yorkton)
Monette	Stick
Mott	Tremblay
Murray (Oxford)	Viau
Mutch	Ward
Pouliot	Warren
Proudfoot	Weir
Prudham	Welbourn
Ratelle	Whiteside
Richard (Gloucester)	Winkler
Richard (Ottawa East)	Winters
	Wood—97.

Mr. White (Middlesex East): I was paired with the hon. member for Middlesex West (Mr. McCubbin). Had I voted, I would have voted for the amendment.

POSTAL SERVICE—CONDITIONS IN VARIOUS DISTRICTS

Mr. J. W. Noseworthy (York South): Mr. Speaker, before Your Honour leaves the chair and the motion before us is put, I want to call another matter to the attention of the house, namely, the near chaotic condition of the postal service in the Toronto and district area. We have raised this matter in the house before and have been assured by the Postmaster General (Mr. Rinfret) and the parliamentary assistant that steps were being taken to correct this condition. On my visit to my riding last week I found that conditions are deteriorating more than ever in so far as that department is concerned. I speak whereof I know because there are more than 100 postal employees living within my riding.

Since the once a day delivery was instituted I have been in contact with the majority of these postal employees, and I have received representations during the past week from three associations of postal employees all insisting that matters, instead of improving, are getting worse. What is far worse than the undermining of the morale of the postal employees which has taken place is the disruption of the postal service. I had numerous telephone calls at my home from citizens, most of whom are carrying on their businesses from their places of residence. A number of them told me that they had been going as much as two days in succession without any mail delivery at all. Others have told me that they can have no idea now of the time of the day they are going to get their mail. It may be delivered in the forenoon, and it may not be delivered until after dinner at night.

I was rather surprised to find in the Toronto papers some ten or twelve days ago a series of advertisements calling for mail carriers. When we were discussing this question in the house on an earlier occasion it was understood that the government's problem would be to find employment for those who were going to be relieved of their work by reason of the introduction of the one delivery a day. Instead of that we now find the government advertising for mail carriers. Some of those employed in the post office tell me that the department has been obliged to take men directly off the street without any civil service examination or civil service appointment and put them on the beats as completely untrained and inexperienced men to assist in mail deliveries.

What the mail carriers themselves have said to me is that in the first place they are still required to work more than an eight-hour day or a forty-four hour week. In spite of the longer hours there is no intimation whatever that they are to receive any compensation by way of pay for the extra hours worked. What is still worse, I am informed that the mail carriers are losing all interest in their jobs. I understand that a certain amount of clerical work has to be done by mail carriers in addition to delivering mail. I called some of this work to the minister's attention in a letter a few days ago. There is clerical work such as the re-direction of mail, keeping of records of changes of address and disposal of undelivered mail. I am told that these matters are now falling into arrears. Instead of being done at the time they should be done, sometimes they are left over for days or a week before being attended to.

The attitude the employees are taking is that if those responsible for the Post Office Department take the attitude that they are taking with reference to the employees, then there is just no point whatever in the employees themselves being more concerned about maintaining the service than are those officials responsible for it. Another matter has come to my attention. The one delivery a day is supposed to have been a bright idea that originated with the cabinet and was considered to be an economy measure whereby it would save $2 million or $3 million. I doubt very much whether that idea is the brain child of the cabinet ministers or anyone in the cabinet. In June 1949, the Canadian postal employees association through their national secretary forwarded a brief to the then postmaster general asking for certain reforms, changes and improvements in their conditions of work.

The postmaster general of that day, Mr. Bertrand, was away from Ottawa, and the deputy postmaster, Mr. Turnbull, replied to

the Canadian postal employees association in the name of the postmaster general. His letter was written on July 7, 1949, nearly two years before the cabinet conceived the idea of one delivery a day for economy purposes. The deputy postmaster general on that occasion wrote as follows:

> In conclusion, I should again like to refer to the effect which further concessions would have on postal economy and which would inevitably bring in their train drastic revisions of present practices. These may include, for example, the reimposition of one delivery a day with lay-off of the surplus staff . . .

That was in reply to a brief submitted in June, 1949. That is the reply of the deputy postmaster general which to my mind constituted at that time a threat to the postal employees that if they persisted in asking for the forty-hour, five-day week, for permanent appointments for postal personnel, and for time and a half for overtime, they would have imposed upon them one delivery a day with lay-offs. That was the big stick which the deputy postmaster general held over the heads of the postal employees back in 1949. So I think one would be quite right in concluding with the postal employees organization that the application of this new order is simply the attainment of an objective which the deputy postmaster general, at least, had in mind for two or three years before it was introduced by the cabinet as an economy measure, and which was effectively used as a threat to keep postal employees from insisting on better working conditions.

I submit that the postal service as far as my particular riding is concerned has become so chaotic that nothing short of a thorough investigation by some independent committee will remedy it. I do not mind telling the Postmaster General that numerous postal employees in my riding are contemplating the possibility of going on strike and stopping the delivery of mail entirely. I suggest that is the last thing the Postmaster General would want, and the last thing the postal employees would want; but I assure him that the situation is becoming desperate. The minor improvements about which the parliamentary assistant told us the other day just are not meeting the situation. There are postal stations in Toronto where up to a week ago not a single walk had been checked. On many of the walks that were checked the supervisor was on the beat until nine o'clock at night before the delivery was completed. Many of those which were checked remain in exactly the same position as before.

I bring this matter to the attention of the minister and the house; and I assure the hon. gentleman that something more than the piecemeal efforts of the past few months is needed to remedy the situation.

Mr. Gordon Graydon (Peel): Mr. Speaker, the point raised by the hon. member for York South (Mr. Noseworthy) has been before this house on previous occasions, and I should like to join in his plea with respect to the whole question of the Post Office Department. But I would not want to confine myself to the one area dealt with by my hon. friend, because I am not sure that the troubles of the department in that area are any worse than they are elsewhere.

I believe the government and the Postmaster General (Mr. Rinfret) must have come to the conclusion by now that all is not well in his department. It may be that the minister will have some explanation to give with respect to certain moves he is making in an effort to rectify some of the conditions that now exist, but I feel that nothing short of a full airing of the department is going to quell the public indignation which has arisen following some of the changes that have been made. When you have rural Canada up in arms over the mail delivery that is being given, when you also find that the urban sections are showing great dissatisfaction, I think surely it is time we had the matter investigated by the special committee that has been suggested so often from this seat. I do not like to think the mind of the government is so adamant in a case like this that it cannot be changed, because I cannot see that from their point of view they have very much to be concerned about in reference to a committee. If the Post Office Department is all right the government need not fear any kind of an investigation by any members of this house. If the department is not all right then every member has a right to find out what is wrong and to suggest a remedy. It seems to me that is a very simple conclusion. I do not want to suggest that the Postmaster General is trying to cover up the troubles of the department by hiding behind the smoke screen so often employed by the government and saying it would not be in the public interest. If ever anything would be in the public interest, in that it would satisfy the public and clear the air, it would be an investigation by a special committee of this house into the operations of the Post Office Department.

I am taking the risk of again treading the ground which the Minister of Finance (Mr. Abbott) so carefully delineated today; that is, I am going to risk repetition because sometimes the only way you can drill anything into this government is to repeat and repeat and repeat. Sometimes they turn a

deaf ear in the beginning to some of the reforms suggested from over here, and then come to their senses later on. That is the one hope I have for the Postmaster General, and I express it now.

Mr. M. J. Coldwell (Rosetown-Biggar): What I wish to say fits in with what has been said already by the hon. member for Peel (Mr. Graydon) and the hon. member for York South (Mr. Noseworthy). I think the time has come when a good many matters in connection with our Post Office Department should be carefully considered and reforms instituted.

What I have in mind is that while a good deal can be said about the people who live in cities when they lose one delivery a day, and about the mail carriers who are losing some work as a result, I believe the worst treatment in connection with mail delivery is given those who live in small towns and villages, who have no mail delivery and who not only have to go to the post office to collect their mail but, if they want a box, have to pay box rental in addition. If we give free delivery in the cities, with the mail brought to the door and placed in the letter box, much more could be said for giving the people who live in the rural communities mail boxes without cost to the individuals who take the trouble to walk to the post office to collect their mail. Surely that should be apparent to every hon. member. I know that mail delivery in boxes comes to us from the early days of post office administration. It is something that has remained with us through the years and that we have taken as a matter of course. But I think the time has come when the Postmaster General (Mr. Rinfret) and his officials should consider removing what I regard as an injustice and discrimination against those people who happen to live in the smaller places in Canada. I am making the suggestion to the Postmaster General that this is a matter which should be carefully considered, and this injustice removed.

I could talk about the people who carry the mail, and deliver it in the boxes that are located along the highways, the rural mail carriers, but I am not going to do that because an opportunity will be afforded when the post office estimates are before us. Since the delivery of the mail in the cities was brought before the house tonight, and quite properly, by the hon. member for York South, I am taking advantage of the opportunity of bringing to the attention of the minister the necessity for removing what I consider to be an injustice and a discrimination against the people—after all they are a very large portion of the population—who live in the smaller towns across Canada.

Mr. George A. Drew (Leader of the Opposition): Since this discussion has been opened up in regard to the postal department, I do believe that this would be an appropriate point for me to refer to something which, previously, I have been able to deal with only by asking questions. I do so because it is something that does not apply to any one city, but which does require attention, and which does fit in with the suggestions that are being made for an examination of some of the problems that arise in connection with our postal service.

As many hon. members will recall, I have raised certain questions in regard to a situation which exists here in Ottawa, but which also exists in other cities across Canada. In Ottawa, there are a number of areas which have only been recently annexed to the city. In those areas there is no arrangement as yet in a considerable part for what is known as drop letter delivery. Representations have been made requesting drop letter service, but the answer has been given that in those areas which are not now receiving drop letter service the houses are not of the required density for a service of that kind, or the streets are not marked adequately to carry out that service. I am quite prepared to concede that there may be some difference of opinion as to what should be done in that case, but that does not answer the other part of the problem which seems to me to be utterly unjust and which should be attended to quite independently of the facts relating to the density of population or the marking of streets. In that, I am referring to the fact that in those areas letters require not a three cent stamp but a four cent stamp.

The people who live in those areas must put a four cent stamp on their letters, even if they are going to some other portion of the city of Ottawa. That might appear an injustice in itself, but what is a very real injustice is that in these days of postal advertising there are very few houses that do not receive a large number of circulars sent out to the household address or to people who purchase other things from some of the larger business houses. Quite naturally, those letters come out with a three cent stamp on the assumption that three cents will carry a letter anywhere in the city of Ottawa. I did not know that this point was going to be raised tonight or I could have brought here for this discussion a great number of letters that have been forwarded to me which are almost covered with postage-due stamps.

People who did not know that this was simply advertising material have been called upon to pay large sums of postage due, through the fact that someone sent letters to them thinking that they would be delivered in the ordinary city service. Many people, week by week, are called upon to pay a great deal in this penalty postage for reasons which are completely beyond their control, and representing no attempt, deliberate or otherwise, to disregard the requirement that four cents should be paid.

The answer that I received from the parliamentary assistant when I raised this question on one occasion when the Postmaster General was engaged elsewhere on the business of his department was to the effect that this was a statutory provision and that the Postmaster General could not vary that arrangement. I have pointed out by letter to the Postmaster General that since we are in session it is a simple matter for the government to introduce whatever amendment will deal with a situation of this kind. Other members who have spoken have indicated or have suggested that we have simply carried on from earlier days an arrangement which may have been perfectly satisfactory, but today conditions are much more complex in character. I believe therefore, Mr. Speaker, the Postmaster General should plan now to make an appropriate amendment so that this subject will be dealt with during the current session.

Mr. Benidickson: All of that was out of order.

Mr. C. W. Hodgson (Victoria, Ont.): The Speaker is quite capable of handling any situation that is out of order. I have some things to point out pertaining to my own riding, and particularly Haliburton county. For instance, there is only a three-day train service on one branch line going from Kinmount to Bancroft, and there is no railway mail clerk on that train. The mail bags are put on the baggage car, and thrown out at the different stations. From the time a letter is written until an answer is received from Toronto, it takes seven days. This is not very good service for a tourist centre which is developing rapidly. I am not asking the Postmaster General (Mr. Rinfret) to inaugurate something that is going to cost more money, but something which will cost less money. The amount of money the Canadian National asks for hauling this mail now is far more than the cost of hauling it by truck. This would permit a daily mail service for less money, and it certainly would be a great advantage to the people living in that area.

I have a further grievance to take up with the Postmaster General in particular, and not so much with his department. A year ago a vacancy was created in the postmastership in the village of Bobcaygeon. The man who retired was eighty years of age. The day he was retired a young fellow was put in the post office by the department. After some seven or eight months a competition was held by the civil service commission, and the man with the highest marks in that competition—

Mr. Rinfret: But who failed on his written examinations.

Mr. Hodgson: No, he did not fail on his written examinations. The Postmaster General knows better than that, because he and I have talked it over. I have had correspondence on it both with him and the civil service commission. As to this fellow who won the competition, I have the form sent to him by the civil service commission saying that he won it. I will grant you that the marks were close. He won by only 1·1 per cent. But nevertheless, the man who won the competition served six years in the army, five years of them overseas with the artillery, in Africa, in Italy and on the continent. The man who got the job was in the air force for eighteen months, two months in England with the ground crew. Of course neither of them received the pension, according to my understanding; and from the standpoint of the veterans priority, probably the young fellow had as much right to the job as had the other fellow who had the greater service. But nevertheless it was done on the authority of the Postmaster General (Mr. Rinfret). He told me himself over the phone that his officials had decided on this, that the younger fellow had been put in the post office; although I have a letter from him, signed by him, stating that the fact of the man being put in there on a minute's notice would not carry any weight whatsoever when the competition was held, but that the man who received the highest marks in the competition would receive the job. The man who received the highest marks in the competition received on the 29th day of May—or it was dated on the 29th day of May—a notification that he had received the highest marks in the competition, and that his appointment would be made by the Post Office Department on or about September 30. But that is something which never happened. I was down here on the 29th of September. In fact, I was down on the 28th, and it was two days before I got talking to the Postmaster General about this situation. However, I told him then that his officials had made this arrangement. The deputy postmaster general was not in

town and had not been in town, because I inquired. Who made the appointment, I do not know; but that is what was told to me. But I lay the trouble right at the minister's own door. He was head of the department, and I think he should not try to pass the buck on to any official. He told me that under section 24, I think it is—I am not sure of this because I have not the act here—of the Civil Service Act he is right for cause. I should like to know what the cause was.

Mr. Rinfret: Because there was a prior certificate issued by the commission.

Mr. Hodgson: I will show you the certificate issued by the commission. I have it in my office. I did not know that this matter was coming up, or I would have had it here.

Mr. Rinfret: There was a prior certificate issued in favour of the other man.

Mr. Hodgson: Two wrongs never made a right, and the minister should know that. If the civil service commission made a mistake on the first one, they certainly did not make any mistake on the second one; and they knew they sent the first one out when they sent the second one out. More than that, the minister overrode the civil service commission's decision under section 24, subsection (c) of the Civil Service Act. I should like to know what the cause was, because the man who did not get the job was recommended by the Canadian Legion.

Mr. Rinfret: Not from Bobcaygeon.

Mr. Hodgson: That was just three or four fellows who got together afterwards. That was three or four Liberals who got together afterwards.

Some hon. Members: Oh, oh.

Mr. Hodgson: That legion was not formed when this man was chosen by the Canadian Legion. It was the Legion that they all belonged to, maybe ten or twelve miles from that town, but that area was all included. He was recommended by the Legion, by the general commander, by his commanding officer overseas. He was recommended by the reeve of the town or village in which he lived. He was recommended by the mayor of the town and he was also recommended by the defeated Liberal candidate.

Mr. Rinfret: Surely; and he was recommended by you too.

Mr. Hodgson: I should like to know what the cause was that he did not get the job. That is what I should like to know. I should like the Postmaster General to declare himself on that point.

[Mr. Hodgson.]

Then I wish to say a word as to the couriers in the town of Lindsay. I think it is the only town in my riding that has mail delivery. These men are heavily loaded with mail. The other day one man's mail bag weighed over sixty pounds. When a man starts out with sixty pounds of mail on his back, going up and down steps from house to house, it means a fairly hard day's labour. Some have been laid off there. I am glad to say they have obtained better jobs, probably at better pay. But if the Postmaster General saw fit to increase the price of second-class and third-class mail, whatever it was, he is probably within his rights. He has to make his department pay. We are not asking first-class service at the expense of the government. I think he was wise to make reductions to make the thing pay but I think it is a big mistake to cut down the couriers to the degree that he did.

Mr. J. H. Ferguson (Simcoe North): Just following the discussion previous to this about the high cost of living, Mr. Speaker, may I say that I have had numerous complaints from the riding which I represent stating that the increase in the cost of mail delivery means a tremendous increase in the cost of living.

Some hon. Members: Order.

Mr. Ferguson: This is another instance of a hidden tax and I believe the Postmaster General (Mr. Rinfret)—

Mr. Deputy Speaker: Order. The debate on the cost of living has been decided by the house.

Mr. Ferguson: I am dealing with the post office. I will admit that you cannot eat mail or make a suit of clothes out of it, but it affects the postal department. My subject affects the postal department, when the rates for delivery are increased by one hundred per cent by the postal department.

Mr. Rinfret: That is not right.

Mr. Ferguson: What does it cost now to deliver the usual weekly notice from the church and what was the cost a year ago, if I am not right?

Mr. Rinfret: The over-all increase was not one hundred per cent.

Mr. Ferguson: If I am not right, are you right in saying that I am wrong when I say that the cost has been increased one hundred per cent? I still contend that I am right. I am not saying that the increase is not justified, but I am saying that people are complaining about that one hundred per cent increase. It is a one hundred per cent increase.

Any time this government takes it upon itself to increase the cost of living by one hundred per cent, through any department, I think the citizens of Canada are entitled to a lengthy and thorough explanation of why this cost is increased by one hundred per cent. That is the question. These people want to know and they should know. If the increased costs are justifiable, I would point out that the public of Canada are long suffering. They have put up with this government for sixteen years, and I know they can take it. Surely in a matter of that magnitude, a one hundred per cent increase in cost of a department on any item is worthy of an explanation to the people. I can get no explanation, because apparently it is not in the public interest or we would have that explanation. I should not have to give it or try to give it, or try to explain it in any way. The explanation should have been given to the public long ago as to why such a drastic increase in the rate was going to be inaugurated or imposed on the citizens of Canada. What is happening to the money? Was it because of terrible inefficiency of the postal department prior to this drastic increase, or why was this drastic increase merited? Is it that there is to be some future terrific expansion that has never been known in that department before? The public should know. The opposition should know. If we knew these things, we would probably not be too critical; but we certainly have every right to criticize the great unknown, when the unknown is an increased cost imposed on thousands of people, to the extent of one hundred per cent on their cost of living.

PRAIRIE FARM ASSISTANCE ACT

Mr. Solon E. Low (Peace River): Mr. Speaker, I have a grievance that arises out of the administration of the Prairie Farm Assistance Act as it applies to the area which I represent in this house. The Minister of Agriculture (Mr. Gardiner) has been getting off pretty easy today, and I think perhaps this is just as good a time as any to raise this grievance and draw to his attention something that is happening. I think this is a justifiable grievance. I have received during the past three or four weeks scores of letters drawing this thing to my attention, and I have selected just one, which is typical of all that I have received, and I am going to refer briefly to the letter, Mr. Speaker, so as to draw the matter to the attention of the Minister of Agriculture. This letter is from Dimsdale, in the Peace river area, and reads as follows:

> I am writing on behalf of seven persons all tributary to Grovedale post office. These persons, listed below, have been declared ineligible to receive P.F.A.A. benefits under an amendment to the act which declares any farmer ineligible who filed on a homestead after 1940.

The names of the people follow, but that is of no interest to the house. I continue:

> Information furnished to the farmers union of Alberta by the P.F.A. people in Edmonton was to the effect that the amendment was only intended to apply to an area in the southeast corner of the province where people had been once helped by the provincial government to move out of a drought-stricken area to more favourable locations. No doubt you will remember the circumstances.
>
> It appears that the vacated land there had been re-settled with the advent of more moist seasons. Then came more drought and constant application for P.F.A. benefits. Our information was that the amendment was to discourage settlement of that area. Now the amendment is interpreted to apply to all who entered on homestead leases from 1940 on. That does appear to me monstrously discriminatory.

During the spring session of 1950 an amending bill was passed through this house, and in the course of the discussion of the amendment on June 7 the Minister of Agriculture had these things to say, as reported at page 3310 of *Hansard*:

> What we say in the bill is that any lands that were not under private ownership at 31st December, 1940, are not to come under the act when they have been taken over from the government by some private person or organization. Lands that were still held by governments on the 31st day of December, 1940, do not come under the act as amended.
>
> The intention is that any lands still owned by the government after some forty or fifty years of homesteading, and almost as many years when the lands were open for purchase and nobody thought they were sufficiently good either to be homesteaded or purchased during that period of time, are not good enough to be brought under this legislation after it is passed. That is the only principle underlying the bill.

In the Peace river country there are hundreds of tracts of land, still considered as crown lands, that were not opened for homestead purposes or for sale until recent years. As a matter of fact, they were not even opened for agricultural leases by the government of Alberta until the past three, four or five years. The reason that they were not opened for settlement was that the government of Alberta tried to profit from the mistakes that had been made in the earlier years of settlement of the west, during which time settlers went away out in the far-flung areas, many, many miles from cities or from existing services, settled there, built up towns and villages, and settlements and then began to howl for services. That was the kind of haphazard settlement that went on in the days of dominion government administration of the natural resources of the prairie provinces.

To profit by these mistakes the government of Alberta said: We will open only those

areas that are contiguous to already existing services, and we will hold in reserve, even though they may be perfectly good lands, any lands which are not contiguous to existing services, and we will hold them closed to settlement until such time as services are near, or until it will be practicable to extend the services to them.

These lands of which I am speaking in various parts of the Peace river country are lands that were so held in reserve by the government of the province of Alberta. They discouraged homesteading and settlement in those particular parts of the country; and it was only when the boys began returning from the services, the army, the navy and the air force after the war that they began to make these pieces of land available for settlement.

Instead of selling the lands outright the government there decided it would be wiser to form agricultural leases and grant these leases to the returning young men and other young men who had not been in the services, but who needed to get land to establish themselves on farms, granting these leases for a period extending over ten years. The terms of the leases include clauses making it possible for the lessee to purchase the land at any time before the ten-year period is up for a specified amount of money. However, it is the scheme under which young men who have not much capital can get started on a farm. A great many agricultural leases have been granted by the province on property there, and in an area where drought rarely strikes.

Let me say this, Mr. Speaker: In the Peace river country, although drought rarely strikes, the people who farm these lands have to pay the rates on every bushel of wheat which they market, and therefore they do qualify for assistance under the Prairie Farm Assistance Act, provided that they hold the property under the proper arrangement. When the minister put that amendment through last year I do not think he had in mind excluding from the act such lands as I have described to him. To support my contention I am going to quote further from what he said, as reported at page 3310 of *Hansard*.

Some hon. Members: Eleven o'clock.

On motion of Mr. Low the debate was adjourned.

BUSINESS OF THE HOUSE

Mr. Harris (Grey-Bruce): Tomorrow we shall continue this debate, and if it is concluded we will call the five departments which were mentioned by the leader of the house on Friday evening. Then we shall take up the budget resolutions, and if they are concluded, the resolutions standing in the name of the Prime Minister (Mr. St. Laurent) on the order paper, followed by Bills Nos. 191 and 192; then the resolution in the name of the Minister of Finance (Mr. Abbott) having to do with the Veterans Business and Professional Loans Act; and then Bill No. 195.

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

[The following items were passed in committee of supply on April 27]:

DEPARTMENT OF TRANSPORT

523. Construction or acquisition of buildings, works, land and new equipment—capital, $6,498,350.

524. Grants to organizations for the development of civil aviation, in the amounts detailed in the estimates, $310,000.

525. Contributions, subject to the approval of the governor in council, to assist municipalities in the development of and improvement to airports, the sites of which have been provided by such municipalities, $130,000.

526. Contributions, as specified in the details of the estimates, to other governments or international agencies for the operation and maintenance of airports, air navigation and airways facilities, $244,920.

Administrative division—

527. Air services administration, $215,705.

B—General—

Air transport board—

528. Salaries and other expenses, including Canadian delegation to the International Civil Aviation Organization, $247,741.

HOUSE OF COMMONS

Tuesday, May 1, 1951

The house met at three o'clock.

SUPPLEMENTARY ESTIMATES, 1951-52

A message from His Excellency the Governor General transmitting supplementary estimates for the financial year ending March 31, 1952, was presented by Hon. Douglas Abbott (Minister of Finance) and read by Mr. Speaker to the house.

Hon. Douglas Abbott (Minister of Finance): Mr. Speaker, this special supplementary estimate is for an item of $2 million to provide assistance to unemployable veterans who are in receipt of disability pensions under the Pension Act. Ordinarily I would make the formal motion that it be referred to the committee of supply, but since this estimate, together with other matters respecting veterans, is to be considered by the veterans affairs committee, I move instead:

That the message of His Excellency, together with the estimates presented this day, be referred to the special committee on veterans affairs, saving always the powers of the committee of supply in relation to the voting of public moneys.

Motion agreed to.

HOUSE OF COMMONS

COLLECTION OF MONEY TO PROVIDE HOLIDAY FOR PAGE BOYS

Mr. Daniel McIvor (Fort William): Mr. Speaker, on a question of privilege, I want to thank hon. members of the house, members of the press gallery and a number of the elevator operators for the cheerful and generous response to the suggestion that the page boys be given a holiday. I apologize for not having got in touch with everybody yet, but the door is still open.

I will turn over to the Sergeant-at-Arms the list of donors, with what they have given. Your donations of a dollar or more must not prejudice the bonus for the page boys at the end of the session. The mayor of Montreal has telephoned an invitation, and he will show the boys the big things in his city. I suggest that next year the bachelors of the House of Commons should provide a trip for the stenographers.

RAILWAYS AND SHIPPING

Fourth report of special committee on railways and shipping owned, operated and controlled by the government.—Mr. Cleaver.

NEWFOUNDLAND

LEASED BASES AGREEMENT—RECOMMENDATION OF PERMANENT JOINT BOARD ON DEFENCE

Right Hon. L. S. St. Laurent (Prime Minister): Referring again to the question raised last week by the hon. member for Trinity-Conception (Mr. Stick), I now have a statement relating to the United States leased bases in Newfoundland, about which the permanent joint board on defence has made certain recommendations. I apologize in advance for the length of the statement, but I think it is a matter of general interest to all members of the house.

In March, 1941, as hon. members will recall, the United Kingdom leased to the United States for ninety-nine years land for naval and air bases in several colonies and territories including Newfoundland. This leased bases agreement empowered the United States to establish and operate naval and air bases, and also provided extensive rights and privileges for the United States forces to be stationed at these bases. These rights related to such things as the jurisdiction of courts, customs and excise taxes, income tax, and military postal facilities. Pursuant to this agreement the United States established and still maintains four bases in Newfoundland. These are: Pepperell air force base near St. John's; Harmon air force base near Stephenville; McAndrew air force base at Argentia; the naval operating base at Argentia.

On February 10, 1949, in the course of the debate on union with Newfoundland, I made a reference to these leased bases. It might be useful if I repeated what I said then. It is as follows:

If and when Newfoundland becomes a part of Canada, those leases will still be valid leases affecting the lands described in them. They contain provisions which go beyond the provisions to which the Canadian government has agreed with respect to anything done by the United States government in the territory of Canada, and we hope that it will be possible to get the government of the United States to agree that it will not exercise those rights in a manner that would offend against our rights of sovereignty in Newfoundland. But that is something that will have to be brought about by negotiation and agreement with the government of the United States. The situation is the same as if the hon. member, having a farm, leased a building lot on it for ninety-nine years and then sold his farm. The acquirer would have to take the farm and respect the agreement the hon. member had made with regard to the building lot. But he could go to the man who had the lease on the building lot and try to make a new deal with him. That is

what we intend to try to do with the government of the United States. But if they are not disposed to make any change in the arrangement, we shall be obliged to respect the rights that exist there, just as we shall be obliged to respect as a fact the existing situation in the territory of Newfoundland.

Before the union with Newfoundland we informed the United States government that the Canadian government hoped the United States would consider relinquishing some of the extraterritorial rights conferred by the 1941 agreement on United States forces in Newfoundland. The Canadian request said, in part:

In the opinion of the Canadian government the prospective change in the status of Newfoundland justifies a modification of the 1941 bases agreement in respect of the Newfoundland bases in order to bring that agreement into accord with the principles which, for many years, have governed the defence relations between Canada and the United States.

Thus the joint statement issued by the Prime Minister of Canada and the President of the United States on February 12, 1947, refers to the "underlying principle" that " all co-operative arrangements will be without impairment of the control of either country over all activities in its territory," and the recommendation of November 20, 1946, of the permanent joint board on defence, which has been accepted by both governments, states that defence co-operation projects in either country should be agreed to by both governments, should confer no permanent rights or status upon either country, and should be without prejudice to the sovereignty of either country.

In seeking the modification of provisions of the lease, the Canadian government recognized, as I have indicated, that we were asking the United States to give up legal rights of undoubted validity. As is customary in our discussions with the United States, the request was considered by the United States authorities on a higher plane than the plane of strict legality.

Our two governments decided to ask the permanent joint board on defence to examine and report on the Canadian request. The board undertook an exhaustive study of the complex questions involved, and the United States members, on behalf of their government, co-operated in a spirit of friendship in the search for a solution.

In March 1950 the board formulated a recommendation which has now been officially approved by both governments. This approval, which it is proposed to incorporate in an exchange of notes, will constitute a modification of the leased bases agreement. I am sure that all hon. members will share the appreciation felt by the government of the decision of the United States to give up voluntarily certain rights which were legally conferred for ninety-nine years by the 1941 agreement, before Newfoundland became a province of Canada.

[Mr. St. Laurent.]

The recommendation of the joint board is in four parts which relate to income tax, customs and excise, postal privileges and the jurisdiction of the courts. I shall now table the recommendation and give a brief explanation of the effect of each part.

First: Income tax. On June 12, 1950, a new double taxation convention between Canada and the United States was signed. It has been approved by the parliament of Canada but is awaiting ratification in the United States. When it comes into force it will replace certain exemption provisions now in the bases agreement. In addition the board recommends that the United States waive the exemptions given by the bases agreement on contractors' profits, on United States civilian employees of such contractors and on the families of these employees. This part of the recommendation will place income tax exemptions of United States personnel in Newfoundland on the same basis as in the rest of Canada.

Second: Customs and excise. The United States will also waive duty and tax exemptions given by the bases agreement on: (a) contractor-owned equipment; (b) personal belongings and household effects of contractors and their United States employees other than on first arrival, and (c) individual purchases in Canada by United States personnel.

Customs and excise exemptions for post exchanges and service clubs will continue, it being understood that the United States authorities will endeavour to increase purchases for these institutions in Canada and will take special steps to prevent abuse of privileges continued under the agreement.

Third: Postal privileges. Originally Canada asked for replacement of United States military postal facilities by Canadian post offices. Although the United States authorities were not prepared to accede fully to this request, under the board's recommendation the United States will not establish normal civilian postal offices and will limit the use of their army post office system strictly to mail destined to United States territory or to other United States army post offices.

Fourth: Jurisdiction of the courts. This part of the recommendation covers four matters:

(i) The United States waives all rights of jurisdiction, permitted under the bases agreement, over British subjects and over aliens other than United States citizens;

(ii) The United States suspends for five years exercise of rights of jurisdiction over United States civilian personnel and all other rights conferred by article IV of the bases

agreement, subject to revival on notice thereafter or in event of war or other emergency;

(iii) The Canadian government will seek to amend the Visiting Forces (United States of America) Act to permit of compulsory attendance of witnesses at United States courts-martial;

(iv) The Canadian government will seek legislation to protect security interests of the United States forces in Canada, as required under the bases agreement.

The recommendation that the United States give up or suspend jurisdictional rights under article IV of the bases agreement is conditional upon the Canadian government, with the concurrence of the Newfoundland government, giving to the United States government assurances that the new arrangements will in practice give United States officials in Newfoundland a degree of jurisdiction comparable to that which they have in fact exercised up to now. The attorney general of Newfoundland has been consulted and he advises that there will be no difficulty about giving these assurances because, in fact, the United States officials have exercised in a reasonable manner their jurisdictional rights under the bases agreement. They have not, for example, attempted to exercise the jurisdiction over Canadian citizens which the bases agreement gave them.

What the condition and the assurances mean is that, in practice, members of the United States forces in Newfoundland will generally be dealt with by United States service courts, which is a reasonable and sensible arrangement in the circumstances. Corresponding treatment is in fact given to Canadian forces which may be stationed from time to time in the United States.

The board's recommendation will provide the occasion for the extension of the Visiting Forces (United States of America) Act as revised to Newfoundland and remove what is perhaps the most objectionable feature of the bases agreement, namely, the right of jurisdiction by United States courts over Canadian citizens.

Referring to the recommendation as a whole, it meets most of the specific requests which the Canadian government originally put forward. Obviously a negotiation of this kind required a willingness on both sides to give and take. In the view of the Canadian government, the recommendation removes the features, most objectionable to us, of the taxation and jurisdictional rights conferred by the leased bases agreement.

The government will in due course be making to the house five legislative proposals flowing in whole or part from the recommendation.

In connection with the customs tariff it has already been proposed, in the budget speech, that item No. 708 of the customs tariff should be revised. At present it deals with customs privileges for the United Kingdom government only.

In connection with military post offices, an enabling clause will be included in the proposed bill to amend the Post Office Act.

In connection with the recommendation for security legislation, there will be two measures. First, a bill along the lines of the Official Secrets Act is proposed for the protection of allied governments. Second, a new section in the Criminal Code for the protection of property of allied forces is also under consideration.

It is proposed to add to the Visiting Forces (United States of America) Act a new section under which the governor in council would have authority to provide by regulation for compulsory attendance of witnesses before United States courts-martial, in the same manner as now applies to courts-martial of the Canadian forces. This amendment will, for convenience, be included in a Canadian forces bill which will deal with a number of other subjects related to defence.

Of the five proposed legislative measures, only one will refer expressly to United States forces, and that is the amendment to the Visiting Forces (United States of America) Act. When the time comes to examine the other four it will, I think, be agreed that, quite apart from the recommendation of the permanent joint board on defence, they are useful and possibly necessary measures to enable Canada to discharge obligations under the North Atlantic treaty.

The government believes that on consideration, hon. members will agree that the solution which has been recommended by the board is a reasonable compromise in an admittedly unprecedented situation.

Perhaps it may suit the convenience of the house if these recommendations I am tabling were printed as an appendix to *Hansard* today, so that hon. members will see the exact text.

Some hon. Members: Agreed.

(For text of recommendations of permanent joint board on defence, see appendix, page 2601.)

Mr. George A. Drew (Leader of the Opposition): Mr. Speaker, I am sure the

members of the house will echo the hope expressed by the Prime Minister (Mr. St. Laurent), that on consideration they will find this is a reasonable arrangement in regard to the leased bases which were taken over under agreement by the United States prior to the time that Newfoundland came into confederation. As I was not previously aware of any of the arrangements that had been made, I shall of course require to give that consideration, as will other hon. members. There are, however, one or two observations I should like to make at this point, in view of the comprehensive statement the Prime Minister has made.

I notice that the arrangement with respect to jurisdiction, which the Prime Minister has stated to be the most important subject under consideration, provides that the United States give up or suspend certain jurisdictional rights, but that is conditional upon their being able to exercise in practice, even if not in strict verbal legality, the same authority that they exercised before. This seems to be giving with one hand and taking away with the other. I am interested in why it is necessary to go through such substantial formality if in practice the situation in that respect is to remain the same.

There is one thing about which I am sure all hon. members will be in hearty agreement, and that is that the Canadian government found it easy to deal with the government of the United States on a friendly basis and were not being shoved around. There has been some concern aroused in the minds of the members by things said outside of this house, if not in the house, as to whether we are still operating on a friendly and democratic basis with the government of the United States. This statement by the Prime Minister will reassure the members, and in the proper place, that it is now, as it has been in the past, easy to deal on a friendly and satisfactory basis with the government of the country which geographically is closest to us, and whose destiny in the years to come is inseparably linked with ours. The statement that this required a willingness on both sides to give and take merely indicates the firm foundation on which agreements of this kind are and should be established.

The Prime Minister has pointed out that one of the legislative provisions contemplated as a result of this arrangement is an amendment to the Criminal Code for the purpose of extending a greater measure of security to the forces of the United States. He has indicated that it will likely take the form of a provision which is to give a special measure of protection to the forces of any allied country. In making that announcement he has emphasized the vitally important position that the new province of Newfoundland now occupies, not only in the defence of Canada but in the defence of the whole North American continent, and, as a result in the defence of freedom itself. No matter whether all the details of this agreement may be found entirely satisfactory after examination by those who live in Newfoundland and by other members of this house, certainly every one of us will hope that this agreement, in itself, may be regarded as a symbol of that firm and strong unity of purpose between these two countries, which is not only an advantage to ourselves but an advantage to the people of the whole world in these critical days.

I hope that the very necessity for introducing an amendment to the Criminal Code to increase the security of the allied forces will suggest to the Minister of Justice (Mr. Garson) the advisability of bringing in the long-required amendment to the Criminal Code which will make it possible to deal with any kind of threat to security by communist activities, whether in Newfoundland or any other place in Canada. This agreement in itself suggests the desirability of recognizing the constant threat presented to the defence of this country, and of every other country, by men who are serving a foreign state with the purpose of destroying our democracy by every device available. Most certainly they will seek, if it is within their power, to weaken this strong bastion of defence. Therefore, in view of the fact that there is to be an amendment to the Criminal Code for security of another kind, I once again strongly urge the consideration of that other type of security which would deal with this particular form of crime in a way that it cannot be dealt with under any provision in the Criminal Code which is now on the statute book.

In view of the importance of this announcement, I hope that the Prime Minister will be prepared to answer questions which may be presented by hon. members from Newfoundland, amplifying the information that we have received this afternoon.

Mr. L. T. Stick (Trinity-Conception): Mr. Speaker, as I raised this question first with the Prime Minister (Mr. St. Laurent), I should like to say to this house that we in Newfoundland have to live with these Americans down there, that we have found them to be fine people to live with, and that our relations with them have been on the most cordial basis. It is a matter of satisfaction to have such a statement as that which has been given by the Prime Minister, showing

that the negotiations were carried on in the most cordial and friendly manner. That is a matter of satisfaction to us in Newfoundland, and I should like to thank the Prime Minister for his full and explanatory statement.

Mr. G. F. Higgins (St. John's East): Mr. Speaker, I should like to echo the sentiments expressed by the hon. member for Trinity-Conception (Mr. Stick) and, if the Prime Minister (Mr. St. Laurent) does not mind, I have two questions that I should like to ask at this time in connection with his statement, for purposes of clarification.

The Prime Minister referred to the jurisdiction of the courts. In that connection, I wonder if there is any difference in the position from what it has been in the past few years. In other words, if action is taken against a United States soldier for negligence —we will say, for instance, in connection with driving a motorcar, even when he is on United States forces duty; if judgment is obtained against him, the only recourse open to the individual who suffers the damage is to claim against the soldier himself, and not against the United States government as such. That is one point I should like to ask about. Has there been any clarification in that connection?

The other point is this. What is to be the situation with respect to the use of Goose Bay and Gander airports? They are not within the leased areas, but United States forces are there in great numbers at Goose. Are they to be included in the agreement as well? What is to be the situation at Gander? Then I believe there is to be an amendment to the Income Tax Act. What will be the position of United States nationals at Gander, say, in the employ of the air lines? Will they come within the provisions of this income tax amendment or otherwise, or what is to be the position?

Then the other question is one that was up before: in the event of war, what is to be the position with respect to the commanding of the forces in Newfoundland? Will the commander be a Canadian general or a United States general? Is there any change in the right to the United States forces to acquire other properties in Newfoundland if they require them? As provided in the bases agreement, they can take what properties they want in the event of war. Will that provision still be in force? Has any discussion taken place with respect to the use by Canadian vessels of docking facilities at St. John's and Argentia? I refer to the use of United States army docking facilities by Canadian vessels. Has any discussion taken place—

Some hon. Members: Oh, oh.

Mr. Higgins: This is the last question, Mr. Speaker.

Mr. Abbott: Order.

Mr. Higgins: I think I am in order, Mr. Speaker.

Some hon. Members: No.

Mr. Higgins: This is the last question. Has any discussion taken place about extending to Canadians now working at United States bases the privilege of eating in the American cafeterias?

Mr. St. Laurent: The hon. member said that he had two questions, but as I listened I became confused as to where the dividing line might come between the first one and the second; I am sorry that I am not in a position to give him a positive answer at this moment.

Mr. Higgins: Thank you.

NATIONAL DEFENCE

FORMATION OF COMMONWEALTH DIVISION IN KOREA

Hon. Brooke Claxton (Minister of National Defence): Mr. Speaker, I should like to make a statement on the formation of a commonwealth division in Korea.

The 25th Canadian infantry brigade group, now on its way to Korea, will join other commonwealth forces to form a commonwealth division. This was decided after discussion among the commonwealth countries concerned and has been welcomed by the United Nations unified command as simplifying problems of administration and command in the theatre.

The Canadian brigade will make up one-third of the combatant troops. In addition, Canadian officers and men will form part of the staff of the divisional headquarters.

The division will consist of the following units: The 28th and 29th United Kingdom infantry brigades; the 25th Canadian infantry brigade group; the 3rd battalion Royal Australian regiment; the 16th New Zealand field artillery regiment, and the 60th Indian field ambulance unit.

The title of the division will be "The First (Commonwealth) Division, United Nations Forces", and the commander will be a United Kingdom officer, Major General A. J. H. Cassels, C.B., C.B.E., D.S.O., late of the Seaforth Highlanders. The division will use

the administrative and maintenance facilities now under the Australian commander in chief British commonwealth occupation forces in Japan, Lieutenant General Sir Horace Robertson. The senior Canadian officer on the divisional staff will be the general staff officer, class I; and we have appointed Lieutenant Colonel E. D. Danby, D.S.O., to occupy that post. By a happy coincidence, he is also a Seaforth Highlander —of Canada.

All Canadians, I am sure, will be pleased that our 25th brigade will be joined with formations with which the Princess Patricias have already distinguished themselves, all to form a unit in which forces of commonwealth countries will be fighting shoulder to shoulder to resist aggression in accordance with the aims of the United Nations.

VETERANS BENEFIT ACT

PROVISION FOR EXTENSION OF BENEFITS TO MEMBERS OF SPECIAL FORCE AND OTHERS

Hon. Hugues Lapointe (Minister of Veterans Affairs): Mr. Speaker, if I can obtain the unanimous consent of the house, I should like to make a motion to broaden the terms of the resolution which appears as No. 5 on today's order paper, under government orders, and which reads:

Resolved, that it is expedient to introduce a measure to make certain rights, privileges and benefits applicable to persons serving in that part of the armed forces of Canada designated as the special force.

The purpose of the proposed change would be to add the words "and to certain other members of the Canadian forces." The purpose of the amendment is to extend the benefits of the Reinstatement in Civil Employment Act and of the Unemployment Insurance Act to persons enrolled for service and officers and men of the reserve force who in either case, since July 5, 1950—which was the date of the creation of the special force, I believe—became members of the Canadian forces for a single term not exceeding three years. I understand that my parliamentary assistant has had the opportunity of discussing this matter with some hon. members on the opposite side of the house. If I can get the unanimous consent of the house, I will make this motion now.

Mr. Speaker: Has the hon. member the unanimous consent of the house?

Some hon. Members: Agreed.

Mr. Lapointe: By leave, I move:

That the proposed resolution respecting certain benefits, etc., applicable to that part of the armed forces of Canada designated as the special force, as it appears in order No. 5 under government orders on today's order paper, be altered to read:

"Resolved that it is expedient to introduce a measure to make certain rights, privileges and benefits applicable to persons serving in that part of the armed forces of Canada designated as the special force and to certain other members of the Canadian forces."

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

Motion agreed to.

VETERANS AFFAIRS

CHANGE IN PERSONNEL OF SPECIAL COMMITTEE

Mr. W. G. Weir (Portage-Neepawa) moved:

That the name of Mr. Jutras be substituted for that of Mr. Gauthier (Portneuf) on the special committee on veterans affairs.

Motion agreed to.

ROYAL CANADIAN MOUNTED POLICE

ENLARGEMENT OF DIRECTORATE—ANTI-ESPIONAGE BRANCH

On the orders of the day:

Hon. Stuart S. Garson (Minister of Justice): Yesterday, the hon. member for Lake Centre (Mr. Diefenbaker) asked me, without previous notice, the following question:

Under the new arrangement for an enlarged directorate, will one of the assistant commissioners be in charge of the branch on anti-espionage?

I took the hon. gentleman's question as notice, and would now reply to it as follows:

The enlarged directorate referred to in the hon. member's question and in my statement of yesterday is the directorate of the administration and organization of the Royal Canadian Mounted Police, and its functions are as set out in my statement. This enlarged directorate will be in charge of assistant commissioner Josaphat Brunet. It, however, will have no direct responsibility with regard to anti-espionage, but will have an indirect bearing upon the work of this branch dealing with anti-espionage in the same degree as upon the work of other branches, since it will be dealing with the over-all administration of the whole force. The anti-espionage work of the Royal Canadian Mounted Police force is taken care of by the special branch which has to do with internal security in all its phases, including anti-espionage. This special branch since 1947 has been in charge of superintendent George B. McClellan, who is responsible directly to the commissioner.

AGRICULTURE

QUESTION AS TO USE OF LIQUID FERTILIZER

On the orders of the day:

Mr. W. Chester S. McLure (Queens): I wish to direct a question to the Minister of Agriculture. I gave him notice of this question, so he will understand it. Did the Department of Agriculture of Ottawa discourage the agricultural producers in the using of liquid fertilizers? If so, what was the Department of Agriculture's reason for so doing when the company manufacturing these liquid fertilizers had a permit so to do?

Right Hon. J. G. Gardiner (Minister of Agriculture): Because of the fact that the hon. member was kind enough to send me notice in advance, I have the answer here.

The Department of Agriculture has not discouraged the use of liquid fertilizer. However, there has been some controversy over some of the claims made by the manufacturer regarding its use, such as the treatment of seed grain before sowing. The experimental farms service conducted a large number of tests in 1950 and found that such treatment did not give significant results to the farmer, and this information was made available to the public.

BUTTER

REFERENCE TO STORAGE FIGURES GIVEN IN RETURN TABLED APRIL 12

On the orders of the day:

Right Hon. J. G. Gardiner (Minister of Agriculture): On Thursday last the hon. member for Peterborough West (Mr. Fraser) asked a question with regard to a return, in the following words:

> Mr. Speaker, I should like to ask a question of the Minister of Agriculture. A return, sessional paper 159-A, having to do with butter held in storage and sold by the government, was tabled in my name on April 12, 1951. In this return it is stated that the total sales for January and February, 1951, amounted to 17,696,793 pounds, whereas total individual sales, according to the figures set out in the return, total 18,653,620 pounds. Will the minister find out why there is that discrepancy between the actual figures and the figures given?

In reply to the question regarding the apparent discrepancy between the amount of butter released from storage during the months of January and February, 1951, and the total individual sales as listed in the return tabled on April 12, I am informed that this is due to differences between the records of allocations of quantities to various dealers across Canada and the posting of the sales at Ottawa.

The figure of 17,696,793 pounds was the amount of butter delivered to those who applied for it, while the figure of 18,653,620 was the total amount of butter which had been allocated to those who had applied for it.

MANPOWER

NATIONAL ADVISORY COUNCIL—INQUIRY AS TO MEETINGS

On the orders of the day:

Mr. G. R. Pearkes (Nanaimo): May I direct a question to the Minister of Labour? Will the minister say when the next meeting of the manpower advisory committee will be held? How many meetings has that committee held to date?

Hon. Milton F. Gregg (Minister of Labour): I understand from the joint chairmen of the national advisory council on manpower that arrangements are being made to hold the second meeting this month. The answer to the second question is that one meeting has already been held.

Mrs. Fairclough: I should like to ask a supplementary question. In view of labour conditions in the country today, and the great scarcity of adequate labour forces to fulfil the needs of industry, will the minister take under advisement the earlier calling of this committee, and possibly more continuous work?—because industry is suffering from a lack of adequate labour forces.

Mr. Gregg: As I indicated in my reply to the hon. member for Nanaimo, the joint chairmen, to my knowledge, are making arrangements to call the next meeting together at an early day. I cannot say this afternoon the exact day, but it will be during the month of May.

HOUSING

FRASERVIEW PROJECT—REPRESENTATIONS OF VANCOUVER HOUSING ASSOCIATION

On the orders of the day:

Mr. Angus MacInnis (Vancouver East): I should like to direct a question to the Minister of Resources and Development. Has the minister received a communication from the Vancouver housing association urging consideration of the Fraserview veterans housing project? I understood the government had decided not to go ahead with the 500 remaining houses. I regret I did not have time to give the minister notice of this question. If it is not convenient for him to answer it today, he can accept it as notice.

Hon. Robert H. Winters (Minister of Resources and Development): Yes, I shall be glad to accept it as notice.

SUPPLY

The house resumed, from Monday, April 30, consideration of the motion of Mr. Fournier (Hull) for committee of supply.

PRAIRIE FARM ASSISTANCE ACT

Mr. Solon E. Low (Peace River): When the house adjourned at eleven o'clock last night I was airing before the house a grievance arising out of the administration of the Prairie Farm Assistance Act. I had described certain lands in the Peace river country that were adversely affected by the amendment to the Prairie Farm Assistance Act which was passed in the spring session of 1950. I stated in my concluding words last night that when the minister put through the amendment last year I did not think he had in mind excluding from the act lands such as I have described to him. I said that in support of that view I would quote from the speech he made in the house on June 7, 1950. These are his words as they are reported at page 3310 of *Hansard*:

> I want to make it perfectly plain that the bill does not deal with submarginal lands as such. It deals with lands which up to a certain date everybody considered were not good enough either to homestead or to buy. It is true that having set the date at December 31, 1940, there will be a few pieces of land in Saskatchewan particularly that were homesteaded after that date, and there will be a few parcels that were purchased after that date but they are largely in areas where the act would not apply in any case.

Those were the minister's words. I would ask hon. members to note that the minister said the amendment dealt with lands which up to 1940 were not considered by anybody good enough either to homestead or to buy. Those words would not apply, by any stretch of anybody's imagination, to lands in the Peace river country; because long before 1940 a good many applications had been received by the Alberta government for the outright purchase of or for homesteading rights on these parcels in question.

The minister knows, too, that these lands are situated in an area where, in nine years out of ten, there is ample moisture for the production of good crops. It seems to me that that is the very kind of land which the act originally was designed to protect. Even last year there was plenty of moisture; but in late July and early August two heavy hailstorms ripped through the area and riddled the splendid crops in an area fifty or sixty miles long and from one to perhaps fifteen or sixteen miles wide. Later in August, many parts of the country which had not been hit by the hail were visited by heavy frost. I believe it was on August 16, if my memory is correct, when there was one of the earliest and most devastating frosts on record, followed by a snowstorm which flattened many of the crops to the point where they never recovered. The result was that hundreds of farms yielded below the minimum required to qualify under the Prairie Farm Assistance Act. There were many, of course, who suffered total failure.

The farmers affected are up against it in the matter of securing seed this spring, and they do not know where to turn for help. Everyone knows that the banks have tightened up on loans, which makes matters worse for these farmers. Another factor that aggravates the situation is that immediate neighbours of these lessee farmers who happened to own their own property, or to have leased the property prior to 1940, are being paid compensation for their losses which resulted from the same storms and frosts.

Again, the veteran farmers in the same block, many of whose farms border the area to which I am directing my remarks, are receiving payment for their losses, despite the fact they are leasing their lands from the Alberta government under contracts entered into since 1940. It appears therefore to those who are being denied the benefits of the Prairie Farm Assistance Act, simply because they are on ten-year lease contracts, that they are suffering discrimination; and it is difficult to convince them that they are not.

I believe they are. Every year they pay their one per cent premium when they market their grain, and I know after the tragedy of last fall many of them took some comfort in the thought that they would get enough funds for seed this spring under the provisions of the Prairie Farm Assistance Act.

I supported the minister's amendment in June, 1950, because I believed that P.F.A.A. benefits should not be paid on lands that were not good enough to be homesteaded, or to be purchased outright, or to be called agricultural lands, and with the minister's assurance at that time that the amendment was to apply only to lands which up to 1940 were considered by everybody not to be good enough for homesteading or to be purchased for agricultural purposes. I had no misgivings about the amendment at all. However, I now appeal to the minister to consider issuing instructions to the P.F.A.A. administration to reconsider the lands I have mentioned, and to give relief to these struggling farmers who fully expected they would be entitled to benefits under the act.

One more point before I conclude: What makes matters even worse for the farmers on the lands I have described is the fact that

their lease agreement requires them to stay on those lands and to seed them. That is a serious situation. For example, I have here one letter, out of scores I have received from the area, which I should like to quote in support of what I have said. This letter, from Deer Hill in the Peace river area, states:

> I have to stay on the lease, which means that I can't go out to work. What am I to do for seed and fuel this spring? If I don't seed the place and stay on it, I lose it.

All of the work he has put on the property will have been lost. This man has been operating his lease for some years, and expects in due course to be able to pay the small cash payment and to get title to it. This he can do within the ten-year period from the time he took out the lease. If he has to leave this spring to go out to work so as to earn a grubstake, and cannot seed his place, one can readily see how serious the matter becomes. There are a good many others in the area who are similarly affected. Under the circumstances I am appealing to the minister to reconsider.

Mr. Gardiner: May I ask a question, for purposes of information? The act provides that a man must be on the land in the fall of the year. He must be there until November 1. Then it provides that he must be back by May 1, in order to draw his pay. That permits him between November 1 and May 1 to go out and earn a grubstake. He is supposed to be back farming the land the next year in order to prove his intention of working on the land as a farmer. How is that affected in the instance to which the hon. member referred?

Mr. Low: I am glad the minister has raised the point. I was referring to provincial lease regulations, under the Prairie Farm Assistance Act. Under those provincial regulations the man to whom I referred is required to stay on the land and to seed it each spring; otherwise he loses his lease.

Mr. Gardiner: Under the act he is required to be on the land and to seed it each spring in order to get his pay for the year before.

Mr. Low: Yes. There is this consideration, too: many of these people were not told finally until recently that they would not receive assistance under the act. This has made it more difficult for them. Most of them were told last fall by inspectors that their lands qualified under the act, and that therefore they could expect some assistance. They expected it, and now when spring is here they cannot get assistance and they do not know what to do about obtaining seed and fuel to be able to carry on their farming operations. I appeal to the minister on behalf of fully 100 or 150 persons in that area who are similarly affected. It becomes a rather serious matter, and I am sure the minister will give his sympathetic consideration to the appeal that has been made.

Mr. P. E. Wright (Melfort): Mr. Speaker, I should like to say a word on this matter. Probably the largest part of the area affected in western Canada is in the territory represented by the hon. member for Peace River (Mr. Low) and myself. There was a great deal of sympathy for the minister's amendment last year. Its object was to prevent lands within the Palliser triangle especially, which during the years had come back under municipal and provincial ownership, from again being held under private ownership and becoming eligible for payments under the Prairie Farm Assistance Act. Unfortunately that is not the only land affected by the amendment. It did not affect us so much in the northeastern part of Saskatchewan, because generally speaking the men who have taken land there during the last three, four or five years have been returned men, and the amendment did not apply to them.

However, there are now many other people going on land in that area. Last year approximately 200,000 acres were allocated by the provincial government, and many of the men who went on that land were not returned men. Nevertheless they are paying and will pay their one per cent levy as long as the act remains in force, but will never be able to draw anything under the act. An injustice is being worked there, and as more land is opened up the injustice will become more apparent. I believe it is the intention of the government of Saskatchewan to try to withdraw from certain forest areas in that region approximately 200,000 acres a year for the next three or four years. Therefore on approximately a million acres of land this levy will be paid, and it is good land. It is land much the same as that referred to by the hon. member for Peace River. It is land with respect to which payments will have to be made under the Prairie Farm Assistance Act in all probability only for one year out of ten or one year out of twenty. Only when there is frost or some other extraordinary condition is this land likely to come under payment.

It seems very unfair that the men who have settled on this land should have to pay the levy in perpetuity without ever having the opportunity of drawing any benefits under the act, while their neighbours who happen to have purchased similar land prior to 1941

will receive benefits under the act. The minister would be well advised to introduce an amendment that would limit the provision which was placed in the act last year to the area contained within the Palliser triangle. I think it was his objective to prevent land within the Palliser triangle, where drought is recurring, from again coming under the act when it has once been withdrawn. Everybody sympathized with that objective, but it is working an injustice in other areas.

BRITISH NORTH AMERICA ACT—PROVISION OF DEBT-FREE MONEY

Mr. J. H. Blackmore (Lethbridge): Mr. Speaker, I rise to voice a grievance against His Majesty's government of Canada. My grievance is that His Majesty's government of Canada has for at least nineteen years dishonoured and continues to dishonour the British North America Act, section 91, classes 14 and 15, greatly to the detriment of Canada. To help make my meaning clear may I read section 91 to the house. It is as follows:

It shall be lawful for the queen, by and with the advice and consent of the Senate and House of Commons, to make laws for the peace, order, and good government of Canada, in relation to all matters not coming within the classes of subjects by this act assigned exclusively to the legislatures of the provinces; and for greater certainty, but not so as to restrict the generality of the foregoing terms in this section, it is hereby declared that (notwithstanding anything in this act) the exclusive legislative authority of the parliament of Canada extends to all matters coming within the classes of subjects next hereinafter enumerated; that is to say . . .

I omit the first thirteen classes. Class 14 is "currency and coinage", and class 15 is "banking, incorporation of banks, and the issue of paper money".

When the United States proposed to issue greenbacks there was some doubt as to the constitutionality, but in Canada the British North America Act left no doubt whatsoever of the clear constitutional authority of the federal treasury of Canada to issue currency as it saw fit.

In support of my position may I draw to your attention the fact that from at least as far back as 1910 up to and including 1932 the finance department of Canada occasionally employed the powers conferred upon the dominion government through classes 14 and 15 of section 91 of the British North America Act. For instance, the Finance Act of 1914 clearly indicated that the members of the Canadian parliament of those days realized, in a measure at least, the nature and value of the power to create debt-free currency conferred upon them through classes 14 and 15 of section 91. The Finance Act of 1914 also indicated that the parliament of that year appreciated in some small degree the vital potential importance to Canada of the powers inherent in classes 14 and 15 of section 91.

May I read the footnote appearing at the bottom of page 759 of the Canada Year Book for 1932, which pretty well outlines the general nature of the Finance Act of 1914. The footnote reads as follows:

The Finance Act, 1914 (5 Geo. V, c. 3), makes provision in case of war, panic, etc., for the issue of dominion notes against approved securities; this emergency arrangement was made a permanent feature by c. 48 of the statutes of 1923.

I should like to read into the record a passage from the report of the royal commission on banking and currency, published in 1933. I want to refer to paragraph 47 on page 22 to show how the Finance Act of 1914 was employed. My good Conservative friends will be deeply interested in this matter because this was all done under a good Conservative regime with one of the great statesmen of Canada, Mr. R. L. Borden, as prime minister. The paragraph reads as follows:

In the war session of August, 1914, parliament raised the partially covered issue to $50 million. Subsequently an issue of $16 million was made against a deposit of railway securities guaranteed by the dominion government, as well as an uncovered issue of $10 million for governmental purposes.

May I pause a minute or two to comment on "governmental purposes". I was talking the other day with a stalwart Liberal who maintained that the money which was issued between 1914 and 1917 never did go out into circulation, that it all remained hidden. Well, the poor man simply did not know. When he comes to read this, however, he will be able to learn something which will be of value to him. I continue with the quotation:

In 1917 an emergency issue of $50 million of dominion notes was made to finance war purchases in Canada, by the British government. The notes were secured by imperial treasury bills. In due course, this indebtedness was liquidated by payments from the British treasury and all of this issue had been redeemed by 1927.

That was ten years later.

No changes have since been made in the Dominion Notes Act except that by a statute passed on 30th March, 1933, the governor in council was empowered to suspend the redemption in gold of dominion notes, and an order in council to this effect was made on 10th April, 1933.

To Canadians in our situation I consider the incident recorded in the passage I have read into the records to have exceedingly great significance. If in 1914, with our country as immature as it was at that time, and entering into a war, the parliament of Canada thought it could issue $26 million of debt-free money and spend it into circulation, if it could issue $50 million against British treasury certificates that would not

be redeemed for at least ten years, thereby putting into circulation in all $76 million of debt-free money, I maintain that event is significant to us in this day of tremendous development in Canada, when we are at a loss to know where to find the money with which to do the things we feel we ought to do. This was done under the Finance Act of 1914.

Now I believe it would be well to read into the record three other paragraphs from this report of the royal commission on banking and currency in Canada, which was made in 1933. The first is paragraph 49:

A proclamation in pursuance of the act was issued on September 3, 1914, and thenceforth, throughout the war and the early post-war period, extensive use was made of the act.

I pause to comment on those words "extensive use was made of the act". We have no details as to how many millions of dollars of debt-free money were created and spent into circulation. We have to rely on the word "extensive" and what it probably meant in the minds of the careful men who drafted this report. Then paragraph 50:

An act passed in 1919 provided for the continuance in force of the proclamation made on September 3, 1914, "until two years after the conclusion of peace on termination of the present war." This explains the continued operation of the act until 1923.

This measure had been adopted as a war measure, but by 1919 it had been found of sufficient value to justify the parliament of that day in continuing its operation for another two years, even in peacetime. Once more we have no account of the amount of money issued debt-free and spent into circulation in that way. Now paragraph 51:

The provision relating to a general moratorium has never been used. The powers relating to payments by the banks in their own notes, the issue of excess circulation and the suspension of the redemption in gold of dominion notes ceased to be exercised at various dates. But extensive use continued to be made of the power to issue dominion notes to the banks against approved securities with the result that it was decided in 1923 to make this part of the Finance Act mechanism a feature of the normal Canadian financial system.

I grant that those notes were issued on the securities of the banks, and consequently were lent into circulation. The question our generation has to ask and to which it must demand an answer is, was there any reason why those notes should not have been issued debt free to finance consumption, just as was done in the case of the $26 million and the $50 million backed by British treasury notes? When we get that answer I believe we shall all be much wiser and much readier to listen to those who advocate the use of debt-free money under suitable circumstances. The paragraph continues:

In introducing the new legislation Mr. Fielding, the Minister of Finance, made the following brief explanation of its purpose:

"The act (Finance Act) was adopted as a war measure, and no doubt was exceedingly useful in the financial operations during the war. It may be said that the war being over we no longer have any need for the act, but experience has shown that the act is still required; indeed, I am inclined to think that something of the kind will have to become almost a permanent part of our financial system."

The Liberals should become interested here, because this is a great Liberal finance minister, Mr. Fielding, telling what he thought of the Finance Act of 1914 as he introduced the Finance Act of 1923.

Now I draw the attention of the house to a rather remarkable use made of the Finance Act in 1932 by the Right Hon. R. B. Bennett, while he was in power. This is an account that has been given me by a man who I think knew what he was talking about, because he was a member of the finance department. "In 1932 the dominion government issued $35 million worth of what they called notes. On November 1, 1932, the dominion government turned over these special notes to the chartered banks for two years. The chartered banks let the dominion government have $35 million at 4 per cent, to use as it saw fit. Then the chartered banks took the $35 million bond-like notes to the dominion finance department and pledged them for $35 million of dominion government bills, paying the dominion 3 per cent for the bills. The dominion finance department issued or printed the bills debt-free under the Finance Act of 1923. Thus the dominion government got $35 million for two years at 4 per cent, a very low interest rate for those days. Then the dominion received from the chartered banks 3 per cent on the $35 million it had created under the Finance Act and lent the banks in return for the pledge of $35 million of dominion bond-like notes. The result of the whole transaction was that the dominion obtained from the chartered banks the use of $35 million for two years at a net rate of 1 per cent."

I invite my respected Conservative friends to pay close attention to that operation under the Finance Act of 1923. If they could get $35 million at 1 per cent by that means in 1932, is there any conceivable reason why they could not have obtained $350 million just as easily if the goods and services position in Canada would have justified the issue? What a difference $350 million put into

circulation in the right places in 1932 would have made to our country harassed by the depression!

Right at the time, Mr. Speaker, the Right Hon. R. B. Bennett was discovering this unique way in which to get money, was discovering and employing this Finance Act of 1923, the Bank of Canada came into being in 1934. Since I came into parliament I have not raised any serious question concerning this institution known as the Bank of Canada. The further I see this nation go under the Bank of Canada however, the more my mind is filled with question marks regarding the development of that institution. I have given some attention to trying to find an answer to the question how it happened the Bank of Canada was formed. Did Canadians demand that a Bank of Canada be formed? Did the Canadian parliament ask that a Bank of Canada be formed? I have wondered considerably about this matter ever since I saw a pamphlet which evidently was published by people with plenty of money at their disposal, and distributed generously throughout western Canada, if not all over Canada, called "A Bank of Canada; Why Not"?

I read this pamphlet with considerable interest, and I must say that the beautiful things that pamphlet would make the people who read it believe were coming as a result of the Bank of Canada have all faded away like mist on a July morning. In other words, someone who had a great interest in the formation of the institution spent a quantity of money endeavouring to popularize the institution with enough of the Canadian people so that there would not be any serious objection when the institution was set up. It is a question which I believe we would find extremely interesting, and which I am simply throwing out for the members to think about.

Was the Right Hon. R. B. Bennett in favour of the establishment of a Bank of Canada, or was this institution forced upon him against his will? I imagine hon. members would be quite interested to hear that I am told there is preserved in a safe place confidential correspondence between the Right Hon. R. B. Bennett and certain prominent Canadians, indicating quite clearly that he resisted the imposition of a Bank of Canada with every bit of energy at his disposal. All of that was behind the scenes, of course.

What is the net effect of the Bank of Canada? Hon. members will be able to see immediately that the Bank of Canada shut off from the federal treasury of Canada the authority to issue debt-free money, because in the process of setting up the Bank of Canada the Finance Act of 1914 and the Finance Act of 1923 were repealed. When the Bank of Canada was accepted, the parliament of those days surrendered to an institution of questionable origin one of the most sacred powers conferred upon the dominion government by the British North America Act. If we now want money from the Bank of Canada, we have to borrow it. If we propose that we borrow money extensively from the Bank of Canada, we hear vague hints that we shall probably upset the stability of that bank. In fact I recall the Right Hon. Mackenzie King, while prime minister of this country, making a remark while we were discussing this sort of matter, to the effect that anyone must be completely foolish—these are not his words—to think that we could finance any proposition of the proposed nature through this little institution down on Wellington street.

Mr. Drew: Mr. Speaker, I must confess I have been extremely interested in some of the more recent remarks of the hon. member now speaking, because I had not previously heard the suggestion that the Right Hon. R. B. Bennett, later Lord Bennett, was unduly subject to compulsion by other people in matters of that kind. I should like also to have an explanation as to what debt-free money is; that is something I do not understand.

Mr. Blackmore: I shall be happy to explain debt-free money if the hon. member is willing to listen for a minute or two. Let us just imagine that the leader of the opposition is in the Canadian mint, and he sees a fifty-cent piece minted. Does the Canadian mint owe anybody for that fifty-cent piece? Is there any conceivable reason why the Department of Finance which minted the fifty-cent piece should not take the fifty-cent piece and spend it as part of an old age pension to relieve suffering in Canada? Is there any reason under the sun why this fifty-cent piece has to go through the banking system and become a debt before it can be used?

Mr. Drew: If the question is really directed to me, I must confess it does seem to suggest some interesting possibilities if those who work at the mint are free to handle the coins produced in that way, just as they see fit.

Mr. Blackmore: I am really sorry that the leader of the opposition made such a flippant remark. That is not what I said. I said the finance department that owns the mint could

do so. If the leader of the opposition cannot pay any better attention to what has been said in reply to his question than that—

Mr. Drew: I am not going to enlarge on it. I have been able to follow to a very limited extent some of the suggestions about debt-free bonds or non-interest-bearing bonds. I must confess, however, I am wholly unable to understand debt-free money, and I should like to understand it.

Mr. Blackmore: Suppose we have a one-dollar bill. I really believe the proper place to discuss this is in committee, and if the leader of the opposition will bring the point up when we are discussing this matter, with the consent of the chairman, I shall answer him to the fullest degree. In the meanwhile, let us suppose a one-dollar bill is printed by the Bank of Canada. That one-dollar bill could or should be able to get out into circulation in either of two ways. There is no conceivable reason why the finance department should not take the one-dollar and spend it as part of its revenue. If it did that, the bill would come out into circulation debt-free. On the other hand, if the one-dollar bill goes through the banks, as it now does, it comes out into circulation in the form of a debt. Somebody has borrowed it. Somebody has to pay interest on it, and in due time it will have to be repaid to cancel the debt which was incurred in putting it into circulation. That dollar bill thus lent into circulation would be debt money. There is certainly a distinct difference between the kind of one-dollar bill we have in circulation when it is spent, and the same dollar coming out into circulation after being lent.

Now, we shall just leave that matter until we get into committee, when I shall be able to go into as much detail as the hon. member desires. Meanwhile, I give him one little illustration. Suppose he were travelling and he discovered a gold nugget worth $10. Some men have said that gold is the only money. This ten-dollar gold nugget is money in the sense that gold is money. Is there any debt connected with it? There is not the slightest debt connected with it. It is debt-free.

Mr. Low: If it goes through the banks, there will be.

Mr. Blackmore: That is right. If it is lent into circulation, it is a debt, even although it is gold. It is debt money then.

Mr. Cameron: Let the hon. member try to borrow it from the leader of the official opposition.

Mr. Blackmore: I believe I have given sufficient attention to the timely question asked by the leader of the opposition (Mr. Drew).

Mr. Benidickson: I am sure that he understands fully. Let us now hear about R. B. Bennett.

Mr. Blackmore: I do not propose to go any further into this matter of the origin of the Bank of Canada at the present time. Personally, I have nothing against the Bank of Canada. I think that the personnel of the Bank of Canada, from Mr. Graham Towers right on down, are admirable and well-qualified people. However, I should just like to have someone take a little time off—and the Minister of Finance would please me best—to show us that we are actually better off in Canada as a result of the establishment of the Bank of Canada than we were before its establishment. Our banking system was just as strong and everything else that I can think of was just as well taken care of under the immediate control and direction of the Department of Finance as ever it has been since the establishment of the Bank of Canada.

Mr. Low: And it was a great deal more amenable to control by the parliament of Canada.

Mr. Blackmore: The hon. member for Peace River (Mr. Low) makes a most pertinent remark. I do not propose to go any further into this aspect of the whole question; but I believe that what I have said, together with what I said yesterday, must convince any open-minded person that debt-free money, created by the state, backed by the going-concern, producing and consuming activities of the state, is money that is as sound as any that could possibly be conceived of, and that it is feasible for a state possessing the power which Canada was given by the constitution, to create debt-free money, in so far as there are sufficient exchanges or potential exchanges to support that debt-free money, and to spend it into circulation just as it would spend into circulation money collected by taxes or borrowed from the banks or from anybody else. If that is the case, this device of debt-free money offers us a way out of a financial situation in this world and in this nation today which, without debt-free money, looks utterly impossible. I suggest that we consider debt-free money as one of the means of accomplishing by degrees our financial salvation in Canada, in the British commonwealth and perhaps in the world.

I want to refer to the matter of production before I leave the matter. Of course it is impossible to create debt-free money and to

spend it into circulation with safety unless there is in the country sufficient production to absorb the money when it is spent into circulation. In other words, if there is a scarcity of goods and if money is created and put into circulation, then there will be inflationary pressure on prices, tending to make the price of goods rise. But if there is not a scarcity of goods but rather an abundance of goods, tending to make prices normally fall, as in the commencement of depression, then the debt-free money can do no harm whatsoever in the matter of inflation or inflationary pressure.

I should like to examine for a minute or two Canada's supply position. I hope to have an opportunity to question the Minister of Finance and anyone else who ought to know, with some degree of pertinacity in this matter of supply. There is no question that we have plenty of potatoes in Canada. There is not a doubt in the world that we can produce and have on hand plenty of a great many other things. Are we short of enough commodities to make it so that we could not issue debt-free money and spend it into circulation without any serious danger?

All I have to go by are considerations like this. As I recall it, in 1938 or 1937 our national production was worth about $3·8 billion. I am speaking entirely from memory now. Last year, I understand, our production was in the neighbourhood of $16 billion or $18 billion. Our population has not increased in anything like the proportion that production has increased. We will grant that prices have increased, but the actual physical production must be enormously greater than it was in 1938.

Mr. Low: At least three times.

Mr. Blackmore: The hon. member for Peace River suggests that it has increased at least three times. If that is the case then, in a general sort of way, how can it be argued that we are in a short supply position?

That is one thing. Another thing is that whenever I ask about supply, all the people who ought to know shy clear of the question and seem to be quite hesitant about giving the actual figures concerning our supplies. The only one that I have heard talk with any degree of frankness, and with authority, is the Minister of Trade and Commerce (Mr. Howe). These are things which he said the other day and which I find greatly encourage me. Speaking on April 9, as reported at page 1762 of Hansard, he said:

> I am sure—
>
> [Mr. Blackmore.]

Notice the word "sure".

> —that we can get along quite comfortably as consumers and still engage in a substantial defence effort.

He uses the words "quite comfortably". May I say that no old age pensioner in this country is comfortable. None of the superannuated civil servants are comfortable. None of the war veterans in receipt of war veterans allowance are comfortable. Great numbers of our people in the lower income brackets are not comfortable. What does the minister's remark imply? Evidently it implies that we can greatly increase the consumption of a large section of our people without seriously affecting our economy. I can take no other interpretation from those words used by the minister. Knowing the Minister of Trade and Commerce from long experience in this house, I am inclined to believe—in fact, I am sure I can believe—that he has not been reckless in his choice of words.

The next question is what would constitute a substantial defence effort. I wonder if he means the $5 billion defence effort which we propose to make in Canada during the next three years? He must mean that. Does this mean then that the Minister of Trade and Commerce was telling us that we can spend $5 billion in defence effort in the next three years and still live comfortably? If so, there must be a fairly abundant supply of a great many of the essential things of life. If that is the case, we ought to be able to issue a considerable amount of debt-free money and spend it into circulation without taxing a corresponding amount of money out of circulation, and still be safe as to financial considerations.

Shortly after the minister made the statement to which I have referred, he made this statement:

> Unless all-out war comes, Canadians can continue to live well.

What does that "all-out war" mean? I imagine that would be a condition comparable with what we were engaged in at the height of our activities in world war II, when we had something like three-quarters of a million of our finest producers away and a great many others engaged in war industry. We are faced with no such condition today. Then we were straining ourselves to the limit to send abroad goods of all kinds to help to supply the needs of our armed forces and those of our allies, including Britain. We are faced with no such condition as that now. The sum total of the conclusion that I must draw from these two passages is that our supply position, while not as good as we should like to see it in matters like beef, bacon, eggs and

dairy products, and in other products in which production is off because of government policy, must be good enough at least to justify the creation and the use of a good many million dollars of debt-free money, as they created them, issued them and used them in 1917.

I propose to go into this whole question still further at a later time, because I feel confident that there is no other way of meeting the exigencies of the time in which we live. The set of taxes which we shall be considering in the budget resolutions I feel does constitute a complete scandal, a complete reflection on our intelligence in legislation. If there is any way in the world of avoiding such things, let us seek it out.

Mr. E. G. Hansell (Macleod): Mr. Speaker, I feel I should like to augment the hon. gentleman's speech with just a remark or two, which will not take me more than five or ten minutes, because I was particularly interested to hear the leader of the official opposition (Mr. Drew) in this house ask the hon. gentleman what he meant by debt-free money. The fact that he asked that question is very significant.

The leader of the opposition is an intelligent man. He has been out through the country from time to time bidding for power to run this country; and yet he has to stand up in this house and ask what debt-free money is. I wish the people could know that from coast to coast, because debt-free money, while it may be a term that is not too familiar to the average citizen, is a term that should be at least familiar to men in public life, and particularly men here who are more or less responsible for the country's business.

I also noticed the parliamentary assistant to the Minister of Finance (Mr. Sinclair), as he was sitting in his seat, giggled all over when the question was asked. I do not know why he should giggle so heartily. Perhaps that is his nature. He is a great man to giggle. When he giggles he jiggles all over. I can understand his giggling and jiggling at some joke or wisecrack that is made, but when the leader of the opposition asks the hon. member for Lethbridge (Mr. Blackmore), who used to lead this group in the house, a question of that kind, I cannot see much reason for his giggling and jiggling. If he keeps this up he is going to be known as—you know, there is a song that used to be sung about giggling Gertie. We will not be able to call the hon. gentleman giggling Gertie, but if he continues this we shall have to call him jiggling Jimmie.

Mr. Sinclair: The trouble was it was the blind leading the blind.

Mr. Hansell: There is nothing of a lighter vein in the question, what is debt-free money, and the answer that my hon. friend gives. Books have been written about it; economists have explained it; it is not a new thing. And yet the leader of the opposition, the major party in this country that bids for power to run the country, has to ask what the term means.

One further matter: I should like to ask a question, and of course I do not expect it will be answered because we are not in committee. I should like to ask a question of the leader of the opposition and of the parliamentary assistant to the Minister of Finance. Do they believe that the chartered banks lend their depositors' money? The answer to that question will indicate how much they know about the operation of the present monetary policy in Canada.

The fact of the matter is that the chartered banks create new money in the way of financial credit every time they make a loan, and this parliament by statute has given to the chartered banks the authority so to do, and, as my leader says, because they were afraid to take the responsibility of operating the systems themselves. Here is the next point. When the government need money they go to the chartered banks, or they could go to the people; but they go to the chartered banks, to whom they have given authority to issue money, and borrow new money from the chartered banks and pay an interest on it. There is no reason in the world why the government, when it desires to borrow money, cannot go to the Bank of Canada and let the Bank of Canada issue to the government the money they need without any interest at all. But that is not what happens in practice. As a very homely illustration, let me say this. Suppose I had an automobile. It is mine. I have authority to run it, or I have authority to give it to somebody else to run. Suppose I say to a friend of mine: "Here is my car; you can take it. Do what you like with it as long as you do not wreck it." My friend takes my car, and he runs a bit of a taxi service with it. When I want to go for a ride I telephone him and say: "I have to get out into the country. It is a distance of only about five miles." He says: "Well, that is all right, Mr. Hansell; I will come around and pick you up; I will take you out there and I will bring you back." He comes for me. He takes me out in my own car. He brings me back again, and on the way back he says: "I guess, Mr. Hansell, I will have to fill up with gas."

He goes to the gas station. He fills it up, and he looks at me and he says: "You are going to pay for this gas?" So I pay the gas bill.

Mr. Knowles: It's your car.

Mr. Hansell: When I get home he does not say anything; but a day or two later I receive a bill for taxi service. What do you suppose would happen in a transaction like that? You would say, "Well, that is crazy." Yet it is no more crazy than this government's going to the chartered banks and borrowing new money at interest, when the Bank of Canada can put it in their books and issue it without any interest charge at all. That is how crazy the present financial policy of the Liberal government is, and I challenge anyone to dispute that logic. The logic and the facts are to be found in the proceedings of the banking and commerce committee in 1939.

I am not talking social credit now; I am talking actual banking practice as it is conducted today. Then, when an hon. member rises and asks a question such as was asked, and when the assistant to the Minister of Finance sits in his seat and giggles all over —why he should giggle, I do not know—I say to them it is not a giggling matter.

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

DEPARTMENT OF RESOURCES AND DEVELOPMENT

383. Departmental administration, $381,223.

Item stands.

DEPARTMENT OF NATIONAL REVENUE

309. General administration, $1,936,980.

Item stands.

The Chairman: Department of Fisheries.

Mr. Low: Just a word; I wish to protest against the bringing in of any more departments today. I think that two more than have already been brought in will be quite sufficient to take care of any time the committee may have to deal with estimates, for some days. When we bring in more departments it simply denies to private members the right which is theirs, the constitutional right, to bring before the house and to air any grievances they may have. I say two departments are quite sufficient, and I am strongly opposed to bringing in any more at this time.

Mr. Harris (Grey-Bruce): Mr. Chairman, without particular reference to the proceedings of former sessions, it seems to me there are fewer departments in at this stage of this session than at any time in the eleven years I have been here. Under those conditions, and having in mind the fact that we have given notice on every occasion for four weeks that we would call four departments, and having in mind the further fact that I understand it is the desire of hon. members that the estimates for the Department of External Affairs may be called as well, with a view to having those estimates referred to the standing committee, notice was given last Friday that as soon as possible we would call the four departments mentioned, and external affairs.

If the hon. member would be prepared to withdraw his objection at this time, I am sure we shall be back in this position next Monday, at which time he could renew his objection, that the number of departments introduced is more than he feels would be proper and in the public interest.

Mr. Low: I am prepared to support the calling of the estimates of the Department of External Affairs, so that they may be referred to the committee. I strongly object however to calling any more at this time. We are living in a most unusual time, and nothing that has been done in the past by way of precedent should be used as an argument today. I emphasize the fact that hon. members should be in a position to bring their grievances before the house at the earliest possible moment. They are denied that right if we bring in departments, in mass form, as we are doing this afternoon. My suggestion is that we introduce the Department of External Affairs, in addition to the two departments now introduced and referred to the committee. But let it stand at that.

Mr. Abbott: I wonder if I might add just a word. As has been so often said, one of the principal functions of the House of Commons is to scrutinize carefully and examine the government's estimates and expenditures. The estimates were tabled about two months ago, or perhaps more than that. As yet we have barely started to examine the details of those estimated expenditures. There are some twenty odd departments, or their equivalent, which have to be opened. I suggest most strongly that, in discharging its proper responsibilities, the committee of supply should have available for discussion at this time at least nine or ten departments.

I have been charged, on occasions, with not bringing my estimates in early enough. There are only two days each week on which we can open departments.

Mr. Knowles: Three.

Mr. Abbott: I do not think it is at all unreasonable to ask, as was intimated last Friday, that we open four departments at

this time. I hope my hon. friend, with his usual co-operation in matters of this kind, will appreciate the position of the Minister of Finance at this time in attempting to meet the wishes of the house. Each year we are charged with attempting to rush through the estimates at the end of the session. Let me say at once that there is no desire on the part of the government to do that; but if we are going to examine the estimates with any degree of attention, then I suggest we have to have departments available for discussion reasonably early in the session. I believe we should adhere to the understanding we had last Friday night and to which, as I recall, no serious objection was taken.

Mr. Drew: Mr. Chairman, I am not going to object to the introduction of these departments at this time, because of the understanding I had that this was not to establish a precedent but rather was for the purpose of making it possible to have more departments available for consideration at such times as they might be brought forward by the minister in charge.

On the other hand I do not want any impression left that I would concur in the suggestion that any delay to consider the items in the estimates is due to any attempt on the part of members of the opposition to prevent their full consideration.

Mr. Abbott: I did not suggest that.

Mr. Drew: For one, I certainly am most anxious to get ahead and to have an opportunity to consider these estimates. For that reason I am prepared to support the introduction of the departments, but on the clear understanding that it is not to be regarded as a precedent for the rest of the session. Hon. members do regard these occasions as opportunities to introduce for discussion subjects which might not otherwise be discussed.

Mr. Abbott: I think that is quite proper. The only reason it was suggested there should be four departments at this time is that the usual procedure is that two departments open each Monday, when motions of this kind are moved. In this instance, of course, the estimates of the Department of External Affairs might be considered as extra, to be referred to the special committee dealing with that subject. I was proceeding to say that the normal motion made on Mondays has been delayed week by week because of circumstances, for which I am blaming no one, namely the disposition of the amendment to go into supply and the introduction of the budget.

I am glad to note that the leader of the opposition will support the arrangement and, as I say, I would hope that the leader of the Social Credit group might extend his co-operation too.

Mr. Low: I distinctly recall that on a number of former occasions we in this group have asked the Minister of Finance to bring forward his estimates at an early date in the session so that we could have ample opportunity to discuss the whole of the government's financial policy, because we felt that it was in the interests of the country so to do. We have never yet been able to get the finance estimates before the house in time—

Mr. Abbott: I got them down earlier last year as requested, much earlier, as soon as I could get them in.

Mr. Low: It was earlier last year but, Mr. Chairman, we never did have a chance to go into a thorough discussion of the financial policy because it was too late in the session when they did come in. I am suggesting that we want to have a full discussion of the financial policy of this country, and the earlier the finance estimates can be brought before the house the better it will be. I should like to serve notice on the Minister of Finance now that we will expect him to be ready, when the first item of his estimates is called, to go right into a full discussion of the policy. We are not expressing any personal opposition to the minister. We like him, and we like to see him get up and defend his position.

Mr. Abbott: He likes to do that.

Mr. Low: I am sure he likes to do that, but he has not had a chance to do it, and we think now is the most important time for a discussion of that kind.

Mr. Abbott: If my hon. friend would like to add the Department of Finance to the five already suggested I will undertake to bring on my estimates fairly soon.

Mr. Low: If the Minister of Finance will substitute the Department of Finance for one of the five that he wants to bring in I will certainly support him.

Mr. Abbott: My remark was somewhat facetious. As my hon. friend knows, one reason why it is not considered proper to bring on the estimates of the Department of Finance as early as those of some of the other departments is that on the budget debate we have a pretty fair opportunity to discuss financial policy. So far as the Minister of Finance is concerned, he is ready at any time to proceed with his estimates. I cannot be doing two or three things at once. I cannot be putting the budget resolutions through, the budget bills and my estimates

at the same time. I have to have a certain amount of time to see delegations in my office and that sort of thing, but subject to the will of the house I can bring them on at any time that they are desired.

Mr. Low: Will the minister just set aside his natural modesty for a few minutes now and say that he will call his own estimates at an early time?

Mr. Abbott: Yes, I have said so. I shall be delighted to do that.

Mr. Low: Under the circumstances I would be quite prepared to concede the point, but there is one other thing which I think is very important. The only constitutional weapon in the hands of the opposition in this house, or in any other parliament in the empire for that matter, to enable them to give expression to the will of the people to get something done, is the right to hold up a single dollar of supply until such time as action has been taken by the government to remove the grievances. So far as I am concerned, I think it is high time that the opposition in this house began to make use of that constitutional right. We have pleaded with the government to do something about the high cost of living to relieve the people of the country from the suffering, uncertainty and fear under which they exist today. They have not seen fit to do so except, as the Minister of Finance has said, through some fiscal means he announced in the budget and prior to that. He knows that since those announcements the cost of living has gone up, and the burden is piling up.

I suggest to the opposition that we have within our hands as an opposition a weapon by which we can force the government to do something if we will make use of it, not to give them one single dollar of supply until they correct that situation. That is the feeling I have about this whole business, and I am serious about it. I am not just trying to play a game. I think members of this house know me well enough now after my being here for nearly six years to know that I am not accustomed to playing games. I am deeply serious about what I say. I say that as an opposition we should not grant the government one dollar of supply until they correct the high cost of living situation. It is within their power to do so. That is the reason why I am taking the stand I take today.

Mr. Abbott: I am sure that no member on the government side quarrels with the statement that the opposition groups should have the fullest opportunity to lay before the house and the country any grievances which they feel they should put forward, but I feel sure my hon. friend, the leader of the Social Credit group, would be the first to admit that, having placed those views fully and clearly before the house and the country, the will of the majority must prevail in the final analysis. It is for that reason that I perhaps could not agree one hundred per cent with him that as long as he felt he should be putting grievances forward we should not vote supply. However, we are simply arguing about the means now. So far as my own estimates are concerned, I will bring them on at any time that may be found convenient to the house. I suggest that we try to get enough departments in now so that we can have an orderly consideration of the various departmental estimates.

Mr. Knowles: As a matter of information, may I ask what other departments it is intended to put in today?

Mr. Harris (Grey-Bruce): It is intended to call fisheries, labour and external affairs but in view of the discussion perhaps we could add finance to that list.

Mr. Low: Mr. Chairman, if the government would substitute finance in order to bring the estimates of that department forward more quickly, we might give it consideration.

Mr. Harris (Grey-Bruce): Fisheries and labour particularly were mentioned quite a long time ago, and the ministers have been ready on every occasion since to take up their estimates. I think the hon. member might agree to those of which notice has been given. In order to accommodate him we could then call finance and get it in. Then the Minister of Finance could take up with the Prime Minister the matter of the best order of business to meet the hon. member's wishes.

Mr. Low: I think it is too much to ask to introduce six departments. I would ask that finance be substituted for one of the others. I am anxious to hear the Minister of Labour and the Minister of Fisheries. I like to hear them go through their estimates because they do a good job, but they are not worrying themselves sick about getting them in right away. If you will substitute finance for one of those departments, and the Minister of Finance on his word will bring forward his department at an early date, I will be prepared to concede.

Mr. Drew: Mr. Chairman, I must admit it is a most remarkable development to have very strong opposition to the introduction of five departments and then agreement to six.

Mr. Low: I did not agree to six, Mr. Chairman. I want to state the matter clearly. I said, if the government would substitute.

Mr. Abbott: Let us call five and we will move to introduce finance next Monday.

Mr. Low: I simply said if the house leader will agree to substitute finance for one of the others he is seeking to call I will agree, but not until.

Mr. Drew: I do not want to extend the discussion of this matter. I understood from what had been said that it was a case of adding finance. Whether or not that is so, I might point out that if finance is going to be discussed then the calling of the Department of Finance offers that opportunity. Rather than argue as to what should or should not be introduced, although we did oppose calling five departments, I think it would be well at this point to go ahead with the five in view of the fact there has been a general understanding that that was what was to be done.

DEPARTMENT OF FISHERIES

General services—

140. Departmental administration, $281,298.

Item stands.

DEPARTMENT OF LABOUR

General administration—

185. Departmental administration, $558,397.

Item stands.

DEPARTMENT OF EXTERNAL AFFAIRS

Department and missions abroad—

84. Departmental administration, $2,272,597.

Mr. Graydon: I should like to ask the house leader at the moment what is proposed with respect to the estimates of the Department of External Affairs. Will there be a separate motion later to refer them to the standing committee on external affairs; and, if so, when is it proposed to move that motion?

Mr. St. Laurent: As soon as possible.

Mr. Harris (Grey-Bruce): When the hon. member was not here I pointed out that we would call this item in order to present the motion to send these estimates to the special committee, and we will do that at the earliest convenience of the house.

Mr. Graydon: But not right now?

Mr. Harris (Grey-Bruce): No.

Mr. Drew: I think it would be desirable to have some indication in advance as to when the motion to present these estimates to the standing committee is going to be moved. In view of the fact that they are to be referred to the committee, I would imagine that there will not be an extended debate at that stage, but nevertheless I am aware that there are some members who have indicated a desire to make certain statements at that time. I was under the impression also that the Secretary of State for External Affairs had indicated to one member that he intended to introduce this motion on Thursday. I do not know whether there was any understanding on the part of the government to that effect.

Mr. Harris (Grey-Bruce): I should not say anything without knowing what the Secretary of State for External Affairs said, but we will let the leader of the opposition know as soon as we can determine it.

Mr. Drew: Perhaps it would be best if there could be some discussion before we adjourn this evening, and if it is to be Thursday it would be well to indicate that tonight.

Item stands.

Progress reported.

WAYS AND MEANS

The house in committee of ways and means, Mr. Dion in the chair.

EXCISE TAX ACT

Resolved, that it is expedient to introduce a measure to amend the Excise Tax Act and to provide:

1. That the rate of the general sales tax be increased from eight to ten per cent and that the rate of sales tax on those articles at present subject to four per cent be increased to five per cent.

2. That the excise tax on goods mentioned in schedule I of the act, and on furs, that are at present subject to the rate of fifteen per cent be increased to twenty-five per cent.

3. That the excise tax on candy, chocolate, chewing gum and confectionery that may be classed as candy or a substitute for candy, be reduced from thirty to fifteen per cent.

4. That there be imposed, levied and collected an excise tax of fifteen per cent on the following goods when adapted to household or apartment use:

(a) stoves, hot plates, grills and other appliances when adapted wholly or in part for cooking and when designed for using other than solid fuels;

(b) washing machines operated by electric or other power;

(c) electric, gas or kerosene refrigerators and freezing equipment and complete parts therefor including coils, condensing or compressor units, motors, cabinets, boxes, evaporators and expansion valves.

5. That the excise tax on cigarette papers and cigarette paper tubes be repealed.

6. That the excise tax on the following goods be increased by the amounts shown:

(a) for each five cigarettes or fraction of five cigarettes contained in any package, three-quarters of one cent;

(b) for each ounce or fraction of an ounce of manufactured tobacco, including snuff but not including cigars and cigarettes, contained in any package, three cents;

(c) for each ounce or fraction of an ounce of Canadian raw leaf tobacco when sold for consumption in Canada, three-quarters of one cent.

7. That the sales tax on the following goods be repealed:

(a) cortisone;

(b) adrenocorticotrophin (ACTH).

8. That any enactment founded upon this resolution be deemed to have come into force on the eleventh day of April, nineteen hundred and fifty-one.

Mr. Shaw: The resolution now before us contains eight separate and distinct propositions. When this matter was considered last week an effort was made by certain members of the house which would have made it possible to obtain a decision upon each of these propositions. I was amazed to encounter opposition to that procedure. I have endeavoured to determine to my own satisfaction at least why so many members of this house were so completely opposed to taking these propositions separately. I have come to the conclusion that obviously there are members on the government side who are just about as unhappy as I am about some of the propositions contained in this resolution. I am certain a great many members on the government side had indicated to their constituents that they regarded the sales tax as an iniquitous tax. I am personally convinced, and I base this opinion on a certain amount of knowledge, that there are members on the government side who had assured their people back home that they would oppose any increase in the sales tax. Now in supporting it, if it is their intention to support this resolution, they are going to give this explanation: "Well, in order to have the excise tax removed from cortisone and ACTH, I simply had to support the increase of 25 per cent in the sales tax. Surely you would not want me to penalize the poor arthritics by voting against the removal of the sales tax from ACTH. Therefore I had to support the increased sales tax." Then I can imagine them saying, "Surely you would not want your little children penalized by a 30 per cent excise tax on candy, chocolates and certain confections. I feel the same way about it, so in order to support the 15 per cent reduction in the excise tax on candies and chocolates for your little children I had to vote for the imposition of a tax on washing machines, stoves, hot plates, grills and similar commodities not burning solid fuels. And the sales tax—". Then I can just imagine them saying this, because it has been said before; it has been a beautiful out for some people: "You wanted me to vote to remove the excise tax on cigarette papers and tubes. The only possible way I could do that was by voting at the same time for a hefty increase in the tax on cigarettes and tobacco." If there could be any other reason for certain members of this house voting for a decision which in effect makes us decide upon eight distinct and separate propositions in one vote, I for one would like to know it.

Last week some pretty strong words were used to describe this sales tax, and it is with respect to the sales tax that I have the greatest criticism to offer. Before doing so, however, I am going to make my position perfectly clear. I dislike the sales tax so intensely that I am fully prepared to vote against everything else in this resolution in order to oppose the increase of 25 per cent in that tax. It is a pretty uneven bargain, even for those who may take the position I indicated earlier. The trade is most unequal. In order to obtain those reductions which this resolution offers I am not prepared to heap upon the shoulders of the people I represent an increase of 25 per cent in the sales tax, when I know that the words used in this house last week to describe that tax are the words being used by a good many of the people I represent. Several speakers called it a vicious tax, and I agree with that description. They called it iniquitous, infamous, insidious and pernicious. That is quite a collection of words, but if ever anything required all those words to properly describe it, it is this sales tax. In my opinion this tax is a violation of the basic principle of taxation, namely that we give some consideration to ability to pay. I have always said at least one thing in favour of the income tax; it does recognize the principle of ability to pay. But I realize we are not discussing that tax on this occasion.

The sales tax goes right into the pocket of the poorest man or woman in the land, those who are struggling and in all too many instances finding it utterly impossible to acquire those things which make up at least a half decent standard of living. I dislike the sales tax because it is hidden. I characterize it as a bandit; I say it is the subversive agent in our whole tax structure. Governments have indicated pretty generally that they like such taxes. They are less painful. The pocketbooks of the people are attacked and they are not always conscious of the fact that a substantial portion of the purchase price of a commodity is made up of excise and sales taxes. There is not a certain day in the year upon or before which they must make a sales tax payment. Practically every time an individual walks into a store he is attacked, as it were, by a government through the process of the sales and excise taxes. I am surprised that the parliamentary assistant to the Minister of Finance (Mr. Sinclair)

who seems to enjoy going elsewhere to find examples of people who are worse off than we are—he did that so far as the income tax was concerned—has not gone to Russia and told this house, "Look at the heavy sales tax paid by the Russian people; seventy-five per cent on certain clothing; sixty to sixty-five per cent on certain foods." As I say, I am surprised he has not done that. It would, of course, and quite naturally, provide slight comfort to the people of our country who are compelled to pay that tax.

Speaking the other day on this same resolution my leader suggested that this sales tax is a very important factor in the increasing cost of living to those in the low income groups. Is there anyone who can honestly argue that is not a fact? He said that it was pyramiding these prices. I agree, and I do not like it for that among other reasons. It is pyramiding the price of a commodity far beyond the actual amount of the tax itself. I know what the parliamentary assistant said about that question, and he has undertaken to put the member for Moose Jaw in a position where he is to answer the question for the parliamentary assistant. All facts direct us to one conclusion, namely that that sales tax does have a pyramiding effect. Is there anyone, Mr. Chairman, who can argue that this sales tax is not inflationary in its effect? I doubt if a logical argument can be advanced by anyone to the contrary.

Then, as I have pointed out already, and as my leader has pointed out many times, it is a hidden tax which makes it all the more pernicious. I well recall that in his remarks he said that governments seemed to be moving faster and faster towards the state of affairs where most of their taxes are hidden. I do not know that I can blame a government for doing that, but certainly I for one insist that more and more of these taxes be brought out where the Canadian people can see them and know exactly what they are paying. We have already referred to those various groups in the country who are hardest hit by this type of tax. Only yesterday I had occasion to refer to them. It is not necessary to go into detail so far as our 282,000 old age pensioners are concerned; it is not necessary to go into detail about the 10,517 blind pensioners within the country; I should not have to mention the widowed mothers again or the pensioned civil servants or the recipients of war veterans allowance or military pensions. I should not have to refer, although I am going to do so for a moment, to those wives and dependents of the men who today are serving in the armed forces of this country. This sales tax is going to take another bite out of an income which is wholly inadequate for the dependents of these men now on active service. Every day I receive letters from these people. We have no provision, as we had during world war II, to grant special financial assistance in cases of emergency. I do not want to digress and run the risk of the chairman ruling me out of order.

Now, in connection with another tax to which this sales tax is closely related, namely the income tax, the government constantly boasts of the fact that we have within this country thousands of wage earners who are entirely outside the provisions of that act. But let me make this assertion without fear of contradiction, that there is no one in this country who spends anything who escapes income tax, because the sales tax is in essence the poor man's income tax, and incidentally with no exemptions, Mr. Chairman. There are no exemptions in the case of commodities on which the sales tax is imposed. I would grant that the sales tax does not apply to a certain number of commodities, but it does apply to clothing, a commodity which enters into the cost of living of every family in the country. The larger the family the more severe is the effect of that tax upon them. Anyone who examines the last cost of living statistics will agree with me that the cost of clothing has practically doubled since 1939. If that were all, it would not be quite so bad, but anyone knows that the quality of the clothing has deteriorated to the point where it will not last, so far as children's articles are concerned, half as long as it would ten years ago. There was a day when I could buy a pair of overshoes for one of my boys and be reasonably certain that they would last him two winters. If you have boys of ten, eleven or twelve years of age, you realize that you are now lucky if they can get through one winter with a pair of overshoes. I bought more than that during this last winter.

There always seems to be a difference between a Liberal who forms part of the government in power and a Liberal who sits in the opposition. I happened to be browsing through *Hansard* the other day in reference to the sales tax, and I thought it might be a bit enlightening if I were to go back to the time when the Liberals formed the opposition. The last time that happened was 1930-35. The other day it was stated that by the time the Liberals were defeated in 1930 they had brought the sales tax down to one per cent. By 1934, it was back to six per cent. It is a revelation to read what the Liberals said about that increase of five per cent during that period of time, as it relates to clothing. I happened to find this in *Hansard* attributed to the late Mr. Ralston who was acting as

financial critic for the official opposition in 1934, and it is on page 2424 of *Hansard*. It reads:

—it is over sixteen years now,—

He means that the war has been over that long.

—and the sales tax is still on, but the man who buys a $30 suit of woollen clothes is not paying only 90 cents to the government today; he pays $1.80 under the taxation imposed by my hon. friend, the Minister of Finance. Before the King government went out of power the tax had been reduced to one per cent and the tax on the suit of clothes was only 30 cents, but the sales tax is still here, the iniquitous sales tax which my hon. friend, the present Secretary of State (Mr. Cahan), proposed to have removed. This iniquitous sales tax and the poor man's income tax is still here and has been multiplied by six under the present government.

One reason for this rather violent attack upon the sales tax was the fact that it added $1.80 to the cost of a man's suit of clothes. Thanks to this government, when you go down to buy a suit of clothing today at $50, $60, $70 or $100, and work out your 10 per cent sales tax on that, you can think how justified we would be, feeling as the late Mr. Ralston did toward the sales tax at that time, in just screaming to high heaven today about that $7, $8 or $9 sales tax on one suit of clothing. I only quote that to show you that obviously Liberals in office are a bit different from Liberals in the opposition.

When the Minister of Finance referred to the sales tax in his budget talk, he used two words which I hope every member on the government side of the house will always remember. Then I am going to ask if you believe them. First he said that raising the $100 million additional revenue from the sales tax was "the sound thing to do from an economic point of view." I underline that word "sound." Then he said that it was "the fair thing" to do "at this time", and I underline that word "fair." I hope that the members of this house who support this resolution containing that 25 per cent increase in the sales tax will, when they go back to their constituencies and are talking to their constituents, say to them: I supported the sales tax because I too considered it to be sound and fair.

Mr. MacDougall: Robert Fair?

Mr. Shaw: I doubt if my friend the hon. member for Battle River would be associated with a thing of this kind. I am going to quote once again, Mr. Chairman, just a few words, because there is certainly no sense in going back and reading some of these things if one does not give to hon. members of this chamber the benefit of his research. The late Mr. Ralston was again speaking in the House of Commons—this is in 1931—and, mind you, he was airing the views of the Liberal opposition. He was then their financial critic. As reported at page 2302 of *Hansard* of that year, he said:

This is a tax, as the Secretary of State has said, which bears heaviest on the man who feels the pinch most at this time;—

I will come back to that phrase "at this time."

—it is a tax which affects most directly the cost of living in this country. I feel, Mr. Speaker, that the use of the sales tax at this time is a measure which cannot be defended in view of the other possible sources of revenue which my right hon. friend might have touched.

Someone may quickly say he used the words "at this time", a depression year, although in 1931 the depression had not become as severe as it became two or three years later. But let us never forget that there are in this country today thousands of people who are going through their own depression which to them is just as disastrous as anything they encountered in 1931. In those years, it is true, people had low incomes, but prices also were low. The income of today, as compared with the income of that time, actually leaves a man in a more unfortunate position today than that in which he was left at that time. As I say, the late Mr. Ralston laid great stress upon the fact that the sales tax could not be defended, on the ground that there were other sources of revenue which could have been touched. That is exactly the position I take at this time. The Minister of Finance, the parliamentary assistant to the Minister of Finance and the officials of the Department of Finance cannot honestly assert that there are not other sources which could be touched at this time. All of this argument which centred around liquor rather made me smile, but I will not go into that matter. Would the government not be justified in touching the amusement tax field rather than a little pair of overalls worn by Johnny Smith?

Mr. Gibson: The provinces have that.

Mr. Shaw: That is all right. During the last war this government jumped into that field.

Mr. Gibson: Shall we take it away from the provinces?

Mr. Shaw: No. I am not suggesting that we take it away from the provinces. I am suggesting that, rather than go down into the pocket of the poor man in this country, the government might impose a bit more taxation upon amusements of one kind and another. I am always rather intrigued by these references to the capital gains tax. I

realize that there are arguments against it; but, Mr. Chairman, I suggest that there are many things that I would do, even though I might not like them too much, before I would go down into the pocket of the fellow who today is going through a great deal of misery in an effort to provide for his family.

There was one other matter to which I wished to refer. I should not suggest that I could be out of order, Mr. Chairman; I should not give you any ideas on that score, because when it comes to that, you have plenty of ideas yourself. In the course of the consideration of the sales tax, certain hon. members have asserted that other things could have been done rather than to have increased the sales tax. Some hon. members asserted that the government might have lifted the income tax a little more in order to offset the need of the sales tax. The minister asserted that it would hurt too much if you hit them a little too hard at one time. In 1933 the former minister of finance, Mr. Ilsley, who had frequently attacked the sales tax during those years the Conservatives were in office and were increasing it, said that instead of imposing an iniquitous tax of this kind the government would be justified in taking a man's entire income from him over and above a certain amount. I will not quote his statement because I hardly think that would be in order; but it may be found at page 3495 of *Hansard* of March 28, 1933. I only pass on the observation, not that I am advocating that a man's entire income be taken away from him; I did it to show the difference between a Liberal who is a member of the government and a Liberal who finds himself on the opposition side of the house.

An hon. Member: How does that work out?

Mr. Shaw: Mr. Chairman, if there are to be interjections, I hope they will be loud enough so that I can at least hear them.

Mr. Laing: What was the total budget at that time?

Mr. Shaw: An hon. member asks what the total budget was. It is not a matter of the total budget; it is the total tax revenue in relation to the national income. It is the relationship between what the government is taking from the pockets of the people and the national income of your country. And if my hon. friend takes the figures in those days and compares them with the figures of today, he will find that the tax hurt proportionately as much at that time.

In conclusion, I am going to re-assert one or two things that I said at the beginning. I dislike the sales tax so intensely that I for one am opposing this resolution; I am not supporting any 25 per cent increase in the sales tax at this time—that is a favourite government expression. I am not supporting the 10 per cent increase in the excise tax, as applied to a long list of commodities. But let me point out that my principal reason for opposing the resolution as such is first of all the sales tax. I know that as long as the present government occupies office we are going to have to contemplate from time to time rather stiff increases in taxation. I am going to be perfectly fair to them and also say that as long as the international situation is such as it is, we are likely to have that inevitable result. I am not going to take such strong opposition with respect to the other commodities listed here and the taxation increases in relation thereto, but I am taking a very firm position as far as this sales tax is concerned. As far as I personally am concerned, I am opposing this resolution which is proposing to amend the Excise Tax Act.

Mr. Knowles: I am sure the parliamentary assistant does not want the resolution to carry before he has had a chance to answer some of the questions put to him the other night. He will recall that the hon. member for Lake Centre put a certain question to him, which I elaborated. It had to do with the effect of the tax changes involved in the Excise Tax Act proposals on the cost of living of what might be called the average Canadian family. I do not think I need to go into detail again in the way in which I set it out before the parliamentary assistant the other night, unless he asks me to do so. Perhaps he can answer that question now.

Mr. Sinclair: The hon. member for Lake Centre asked that as well as the table that I put on the record from the dominion bureau of statistics showing the percentage of income in various groups which was subject to sales tax, I should also try to obtain from the dominion bureau of statistics what this increase in sales tax and excise tax actually meant in dollars and cents to families in various income groups. We got in touch with the dominion bureau of statistics and they said it was impossible for them statistically to work out such a thing. They could work out the percentage of income which is subject to tax just by using the analysis they had in 1947-1948 of how families in various income tax groups spent their money on the commodities. The mathematical problem of determining what this two per cent increase in the sales tax, the ten per cent increase in the excise tax and the fifteen per cent increase on electrical appliances means in dollars and cents to the individual

consumer is tied in, as I indicated when I was answering the hon. member, with the problem of mark-up. Unless the mathematical analysis over in the dominion bureau of statistics gives the mark-up in each of the various commodities there is no real base to submit a mathematical figure. For that reason they said it was impossible to do better than they have done by breaking it into percentages.

The hon. member for Lake Centre seemed to think that I had such figures with me. Probably the reason for his supposition was the fact that one of the members of the press gallery had an article in one of the Toronto papers with his calculations of what this would amount to. I have spoken to him. These are his calculations based actually on the break-down which I put on the record, and which he had obtained previously from the dominion bureau of statistics.

Mr. Knowles: I suppose we have to take it that the dominion bureau of statistics is unable to answer that type of question. Frankly that does amaze me. I can understand the bureau not knowing in advance what the additional effect of mark-ups might be, but it does seem to me that it should be able to compute what the increases in the cost of the articles included in the cost of living index will be as a result of the tax itself.

As I understand it, there is nothing mysterious about the way in which this cost of living index figure is arrived at. I understand that when the 1935-39 base of 100 was arrived at, it was ascertained on the basis of what it actually cost in that 1935-39 period to purchase a certain total basket of goods and services, which was taken to be the standard of living of an average Canadian family at that time. I understand that the way in which the cost of living index is adjusted is for the dominion bureau of statistics to find out each month what that same original basket of goods and services costs. The original cost in the base period was $1,453 a year. Since the cost of living index now stands at something over 180—we will know the exact figure in a day or two—it means that that basket of goods and services is already well up over $2,000. My colleague, the hon. member for Melfort, put the exact figure on the record yesterday.

Well, now, the dominion bureau of statistics is ascertaining information of this kind every day. They put out releases of one kind and another literally every day, and give a very good service in the statistical field. It seems to me that all they have to do to answer the kind of question that I put to the parliamentary assistant is to go over the goods and services that are included in the original basket, and ascertain how much was added to their price on April 10 by the taxes that were imposed by the minister that night.

As I pointed out when I spoke on this question the other evening, every time the cost of the goods and services in that original basket goes up by $14.53 it means an increase in the cost of living index by one point. Hence I felt it was a perfectly proper question for us to ask as to how many dollars and cents the average Canadian family will have to pay additional on the necessities of life by virtue of the taxes that have been imposed. If the dominion bureau of statistics did the job they would of course do it in relation just to that same original quantity of goods and services. Many Canadian families have rightly a little higher standard of living than was suggested by that 1935-39 basket of goods and services; therefore, to many people the additional cost will be even more than would be the additional cost on that original basket.

I am sure that it is a minimum guess that we make when we suggest that the sales tax and the other taxes in this resolution are going to result in an increase of $40 or $50 in the necessary expenditures of the average Canadian family per year. I may be away out, Mr. Chairman, but if I am, I am away out on the conservative side. It may be twice that amount. But if it means an increase of around $45 in the year, the result will be a rise in the cost of living index of three points.

We were given to understand that this budget was going to deal with the problem of inflation. That was one of the arguments against our starting a certain other debate, which I shall not discuss now. But this is the way, as it strikes some of us, that the budget deals with inflation; it aggravates the problem. We have before us proposals for tax increases on commodities which cannot fail to have the effect of boosting to a higher point the cost of living index. People from coast to coast were shocked with the 4·5 increase on the last occasion the figure was given. We will be receiving another figure in a day or two which will push the figure up from 179·7 to 182 or 183; and in the course of a few months we will have the effects of this budget pushing it up to 185 or 186. The people of Canada will wonder just where this is going to end.

I appreciate that the parliamentary assistant has been in touch with the dominion bureau of statistics, has sought to get the information and has been unsuccessful. But I notice he is discussing the matter—

or discussing something, at any rate—with his officials, while I am talking. I would be glad to have his comments on what I have been asking. Does it not seem to be a reasonable conclusion for us to draw on this side of the house that the effect of this eight-point resolution we are now asked to vote upon is likely to be an increase in the cost of living index of two, three or more points?

Mr. Sinclair: Mr. Chairman, I do not see how I can answer more fully than I have done. I have mentioned the factors the dominion bureau of statistics pointed out. The hon. member has said that it should be easy for the dominion bureau of statistics to price today the price of this basket. That is true. They actually have not done it as yet for the month of April, but they will do it.

However, apparently the hon. member intends to go ahead on the assumption that every increase since April 10 is consequent upon the tax increase, and not consequent upon an increased cost of material and an increased cost of labour. That is the problem the bureau of statistics has to contend with —and it is a bureau of statistics, not a guessing bureau.

The second point, so far as the effect upon spending is concerned, is that there is a change in buying methods which the housewife will use, when prices go up. If the price of a frock is increased, she will be content to keep within her budget and to buy a cheaper frock.

I think the figures the hon. member has been quoting are obviously out, when it is remembered that it is the sales tax on commodities which hits the lower income group, rather than the excise tax on luxuries or semi-luxuries. If, as he says, the two per cent increase will cost $45, that means that the whole 10 per cent will cost $225, so that the person paying this $225 tax must be buying $2,250 of commodities subject to sales tax, and no low income family does this. So that the hon. member's increase by reason of sales tax is far out of line.

But the dominion bureau of statistics is not in the guessing business. They deal with facts, the cost of these things. When the April cost of living figure comes down the change may or may not be due—whatever changes there are—to the increase in tax. But there will still be other factors which have increased the cost, such as increased labour costs and increased material costs.

I have done my best to obtain these figures from the bureau. They say the only thing they can give us is statistics based upon actual facts. That is what they have given, and the table I inserted earlier in *Hansard* gave that information.

Mr. Knowles: I appreciate the table the parliamentary assistant put on *Hansard*. I have looked into it, but he will realize it does not deal with the matter we have raised at this time.

I would point out to the parliamentary assistant that the sales tax increase is not the only tax included in the resolution now before us. The eight-paragraph resolution now before us includes the tax on refrigerators, electric stoves, washing machines and the like. I would remind him also that it was he, himself, who said that one of the difficulties of computation would be because these taxes may involve additional mark-ups. So when he looks at my $45 figure he will have to consider not just the effect of the tax itself, but the effect of the tax plus the mark-ups made on it.

I was interested in one of the comments made just now by the parliamentary assistant to the effect that people's buying habits change. He spoke particularly of the housewife. He said that when a housewife goes into a store and finds prices have got out of line she will buy something else, because she cannot afford to buy the article that has gone up to the increased price.

That change in buying habits is not reflected in the cost of living index. The cost of living index is not changed because of change in people's buying habits, whether they raise or lower their standard of living. The parliamentary assistant has said that, so far as the cost of living is concerned, the bureau of statistics does not guess; it gets the actual prices.

Mr. Sinclair: You are talking about how much extra a person was going to pay. Let us separate the two.

Mr. Knowles: I was talking about the effect of the resolution now before us on the cost of living index. We are getting two or three points mixed up. The point I was discussing just now was that the effect of the rise in the cost of living index has changed the habits of many people. Indeed it has; it has lowered their standards.

I suppose in the present instance the people of Canada have no alternative but to wait until bitter experience has shown just what the effect of these proposals is on the cost of living. For my part I cannot see that this section of the budget has grappled with the problem of inflation or the cost of living in any way, except to make it worse.

There are some other points I should like to mention in connection with the sales tax, so perhaps we might call it six o'clock.

At six o'clock the Speaker resumed the chair and the house took recess.

AFTER RECESS

The house resumed at eight o'clock.

PRIVATE BILLS

MERCANTILE AND GENERAL REINSURANCE COMPANY

The house in committee on Bill No. 177, to incorporate the Mercantile and General Reinsurance Company of Canada Limited—Mr. Cavers—Mr. Dion in the chair.

Sections 1 and 2 agreed to.

On section 3—*Capital stock.*

Mr. Cruickshank: Mr. Chairman, under this section it is provided that the capital stock of the company shall be $1 million. Would the sponsor explain to me what denominations the shares are to be? Are they to be $100, $500, or what? I understand that the company is to operate in all ten provinces, and I presume the idea would be to have the capital stock distributed as widely as possible among the people of the various provinces. One of my colleagues has suggested to me ten shares of $100,000 each. That is the very reason I should like to say a word on this matter. I understand it is more or less a trend of modern financing—and I know very little about financing—particularly with such companies as this one, to have the capital stock distributed as widely as possible in small denominations in order that the people of the whole dominion will be able to share therein. I presume one reason would be to gain the good will of the people of all the provinces.

Certainly in a company such as this one I would think it would be to their advantage to have the stock issued in small denominations instead of $100,000 shares so the people throughout Canada can purchase the shares. I should like the sponsor to explain to me how it is intended to dispose of the shares. Surely it is not to be, as one of my colleagues has suggested, ten shares of $100,000 each. Possibly it is $50 shares. Would the sponsor explain that point?

Mr. Cavers: Mr. Chairman, I am informed the shares are to sell at a par value of $10 each, and on the matter of the subscription of shares the company must have $250,000 of capital stock subscribed before undertaking any business.

[Mr. Knowles.]

Mr. Cruickshank: The answer is partly what I wanted. I was very careful not to mention the figure of $250,000 as that is in the next section, and I was afraid I might be called to order.

The Chairman: That is section 7.

Mr. Cruickshank: No, I am speaking on clause 3.

The Chairman: Yes.

Mr. Cruickshank: I am afraid the sponsor was out of order in referring to the next section. I was being very careful not to be out of order, not to transgress by saying anything about section 4. I understand his explanation.

Section agreed to.

Sections 4 to 8 inclusive agreed to.

Preamble agreed to.

On the title.

Mr. Herridge: Before the title carries, if I am in order I want to bring something to the attention of the house. The title of the bill is "An act to incorporate the Mercantile and General Reinsurance Company of Canada Limited." We have no objection to that but I think the government should do something about making certain that companies using the words "Canada limited" are companies that have a federal charter, because that has caused a great deal of misunderstanding among a number of people in my constituency. I refer to the Home Assurance Company of Canada Limited which went into liquidation in 1948. A large number of people in my constituency purchased shares in that company on the understanding that it was a federal company because the words "Canada Limited" were in the title. They thought they were protected by the particular scrutiny of the federal superintendent of insurance, and so on.

These people purchased these shares years ago. There are older people in my riding, just about ready to draw the old age pension, having very few material assets in this life except hope, who bought these shares, a considerable number of which were paid for and some were not paid for. Throughout the years they have had favourable balance sheets indicating that the company was in a wonderful position, and then suddenly it went bankrupt. These people had been under the impression all the time that they were protected by a federal charter. The liquidator of the company is now attempting to collect the balance of the amount payable on certain shares from people over 70 years of age with very little but their homes as assets.

I wish to point that out because I believe that the words "Canada Limited" should not be awarded to any company unless it has a federal charter. I could deal at some length with this matter but I do not want to delay the passage of the bill. I want to bring the matter to the attention of the house because I think it is a point that is worth considering. It involves considerable hardship for a number of very worthy citizens whom I represent who were deluded into investing in what they thought was a company with a federal charter with all the greater security behind that, and who later found that they had invested in a provincial company registered in Alberta and doing business in British Columbia, Alberta, Manitoba, Ontario and Quebec. I think that some consideration should be given to the question of the names of these companies so that people who invest in them will know exactly what they are doing and that the name means something when they read it.

Mr. Cruickshank: I should like to say something about this matter. I am glad that the hon. member for Kootenay West brought it up. I have not had an opportunity to consult with the sponsor of this bill, and I do not know that I would be in order if I were to move an amendment changing the name. I quite agree with the hon. member for Kootenay West that the present name might mislead a small speculator. You know, we are not all from St. James street or Bay street, or whatever the name is of the winding alley in Winnipeg. Some of us come from small country districts, and when we see the word Canada we are impressed.

Perhaps I could explain better this way. Some years ago a former member of this house sent out on our high-class House of Commons stationery a prospectus for an oil company, or perhaps it was a gold mine. I am glad to say he came from the other side of the house, but I am sorry to say he came from my province. There was the crest; there was the name Canada, and people with annuities or perhaps with small amounts of money to invest would buy those shares in good faith as a result. I am not saying for a moment that this is not a genuine company. I have no doubt that in time it will be very successful. In the meantime, however, we should not do anything that might mislead people out in the hinterland, such as those in Comox-Alberni, where very few people have had much experience in finance.

I do not want to take up much time on this bill, but I understand that in this very chamber a great deal of time was taken to discuss the question of whether the word "cola" could be used with the word "Pepsi" in a trade mark. I believe, as the hon. member for Kootenay West says, the people of Canada should be fully protected at least until such time as this company has a dominion charter. Perhaps the company could secure the charter and later have their name changed to the Reinsurance Company of Canada Limited, in order to get it all in; but first they should obtain a dominion charter. I believe we should take a little time to consider such an important matter as this. I am not allowed to refer to the other sections now, but there are sections of this bill which would not mean half as much to the investing public of Canada as the name of the company, particularly those not well advised on finance. I took some advice on stocks from a learned colleague who is well up in finance. He is well up, and now I am well down, having taken his advice. In that case I was acting on his judgment, and in this case small investors may act on the strength of the name.

As I have said already, there is a great deal of merit in the suggestion of the hon. member for Kootenay West. That is usually the case; he comes from a very fine province. So I think the house should pay particular attention to what he says. I do not want to delay this bill or to delay the committee longer, so I will only repeat that I concur entirely in the remarks of the hon. member for Kootenay West.

Mr. Green: May I ask the sponsor in which provinces it is proposed to register this company?

Mr. Cavers: I understand it is proposed to register it in the dominion and in Ontario, but the business of insurance will be carried on in all the provinces.

Mr. Coldwell: I do not know whether or not the matter I have in mind was discussed on second reading. The name of this company is Mercantile and General Reinsurance Company of Canada Limited, but I can see nothing in the bill which would suggest that the business of the company is to be confined to reinsurance. This bill gives the company the right to carry on all kinds of insurance. I believe the general public would consider a reinsurance company to be particularly strong; that is the impression one gets. The weaker companies take out insurance and reinsure with stronger companies. Many companies, for example, reinsure with Lloyd's, and the name of this company conveys the impression that here we have a company somewhat similar to strong companies such as Lloyd's, doing a reinsurance business. When we look at the bill we see that the paid up capital is not very large; yet the impression

conveyed is that this is a strong company with great assets, large reserves and large capital, doing a reinsurance business. I do not think that impression should be conveyed by the name of a company which is just starting business, with a limited capital and with the paid up capital only a quarter of the total authorized by this bill.

I suggest that is a point to which the committee might be well advised to give some attention. From time to time over the years we have had difficulties with the names of insurance companies. Perhaps the sponsor of the bill can say something to put my mind at rest in this connection, but as the matter stands at the moment I would be inclined to oppose adoption of the bill until such time as we have some further explanation or even a new name, which would remove what seems to me an objectionable feature of the bill.

Mr. Cavers: The hon. member for Rosetown-Biggar is quite correct in his interpretation of section 6 of the bill, in which the powers of the company are not limited to reinsurance. I am informed, and I can inform the committee, that in the beginning the company intends to conduct a reinsurance business solely, but they do not wish to limit their powers to reinsurance because as time goes on they intend to carry on other types of insurance as well.

Mr. Coldwell: The point I had in mind was exactly what the hon. member says, that this does suggest that the company is going to engage in general insurance. There is nothing in the bill which says its business will be only that of reinsurance, and that is the point I am making. The powers granted in this bill are those which would be granted to a company doing a general insurance business, and there is no mention anywhere of reinsurance, whether the initial business will be in reinsurance or whether it will be in general insurance. On the other hand there is every indication that the company intends to engage in a general insurance business. It is for that reason also, having in mind the amount of capital in the bill, it seems to me there is an objectionable feature in the name, reinsurance.

Mr. Cruickshank: Mr. Chairman, as has been pointed out previously, one insurance company went bankrupt and caused a great deal of hardship to a great many people throughout Canada. As has been pointed out by the member for Rosetown-Biggar, in my opinion at least the name is misleading. What protection has an individual, not an investor in the capital of the company, but a policyholder in the insurance company? For instance, before we had such an excellent staff as we have in charge of finance at Ottawa, we had a bank failure. Thousands of people in the Kootenays lost money, and I should like to know what protection there is. As I understand it, this company is going to carry on a general insurance business with a capital of $250,000. There are many individuals in the province of British Columbia who are insured for four or five times that amount. Of course, I will admit that is only one year's profit, but I should like the sponsor of the bill to tell us whether policyholders of this company will have the same protection as policyholders of the operating companies now have?

Mr. Sinclair: Since the Department of Finance has been mentioned, I should say that federal incorporation, of course, does include supervision by the federal superintendent of insurance. That is the very point which the member for Kootenay West wants. I would suggest that the fact this company has "of Canada" in its title is a guarantee to those who are going to invest in the company or buy policies in the company that this is a federal incorporation and so subject to the federal superintendent of insurance. I respectfully submit, sir, that the member for Fraser Valley and the member for Kootenay West are arguing on different sides of the problem.

Mr. Cruickshank: I am glad that assurance is on the record now, because that will be here not for today or tomorrow but for all time, that the parliamentary assistant of the Department of Finance has given the very assurance I wanted. Not only the people of Kootenay West and the people of Fraser Valley, but also the little man in Coast-Capilano will thank us for having secured that assurance from the Department of Finance.

Mr. Green: Will the sponsor explain why the word "reinsurance" is used in the name instead of the word "insurance"?

Mr. Cavers: In answer to that question, I may say that this company is a subsidiary of a company of the same name except for the deletion of the words "of Canada". It is an English company, and the same words were used in the incorporation of the company in Canada, except that the words "of Canada" were used to distinguish it from the parent English company.

Mr. Green: Does the parent company carry on a general insurance business?

Mr. Cavers: I believe they carry on general insurance as well as reinsurance.

Mr. Coldwell: Are the shares of this company to be in the hands of the directors of the parent company? Is this a subsidiary of the company to which my hon. friend refers?

Mr. Cavers: I understand that this is a subsidiary of the parent company.

Mr. Coldwell: Where is the parent company registered? Is it an Ontario company?

Mr. Cavers: I am not sure, but I believe they are registered in the province of Ontario.

Mr. Coldwell: It is operating under an Ontario licence, then?

Mr. Cavers: That is correct, Mr. Chairman.

Mr. Herridge: I should like to point out to the member for Coast-Capilano that the member for Fraser Valley and I were not arguing in opposite directions. We were both going in the same direction, but at different angles. My point is simply this, that I do not believe any company using the words "of Canada Limited" in its title should be allowed to use those three words unless it has a federal charter.

Mr. Adamson: May I ask the sponsor of the bill who the directors of the parent company are? Can he say?

Mr. Cavers: I am able to give the name of only one director of the parent company, and that is a gentleman who I understand is now residing in this country. I am not able to say who the other directors are.

Mr. Adamson: I asked the question, Mr. Chairman, because there have been several United Kingdom and Scottish reinsurance companies that have moved out to do a Canadian business. I was wondering whether this was one of them, which was now seeking incorporation in Canada in order to extend its business in Canada.

Mr. Cavers: That is the general purpose of the bill.

Mr. Coldwell: Can the hon. gentleman give us some idea of the strength of the parent company? Can he tell us what the capital and reserves are of the parent company?

Mr. Cavers: Mr. Chairman, I do not know whether that falls within the discussion of this bill. We are now dealing with a company that is to be incorporated in Canada. This bill satisfies the superintendent of insurance who has dealt with the matter. I would say that this company should stand on its own feet in Canada.

Title agreed to.

Bill reported.

Mr. Cavers moved the third reading of the bill.

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

Mr. Coldwell: On division.

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

BORDER PIPELINE CORPORATION

The house resumed, from Tuesday, April 24, consideration of the motion of Mr. Robinson for the second reading of Bill No. 118, to incorporate Border Pipeline Corporation.

Mr. Benidickson: Stand.

Mr. C. W. Hodgson (Victoria, Ont.): Mr. Speaker, I adjourned the debate on this Bill No. 118. Am I out of order in going ahead now?

Mr. W. M. Benidickson (Kenora-Rainy River): Mr. Speaker, the sponsor of this bill is necessarily absent today, and I know he was relying on the ruling the Speaker made last year to be found on page 570 of the *Journals* for 1950, which in part reads as follows:

> It has not been the custom in this house to proceed with a bill introduced by a private member unless that private member is here at the time. The procedure is similar to that followed in respect of bills introduced by the government. If the minister sponsoring the bill is not present, the bill stands unless the government indicates otherwise. It has always seemed to me that a private member should have the same right in respect of a bill which he has sponsored. I have given the matter consideration and I would be prepared to give a ruling.
>
> I have never known of a private bill or of a public bill which has been introduced by a private member being proceeded with in his absence and without his consent.

Mr. Speaker: In view of that ruling—

Mr. Green: May we speak on this point of order? I do submit that this particular bill is not covered by that ruling. In this case the sponsor has moved second reading, and on the last occasion on which the bill was before the house there was an amendment moved by the hon. member for Kootenay West (Mr. Herridge). The house is now considering that amendment, and the hon. member for Kootenay West is here this evening. I submit that the hon. member for Victoria, Ont. (Mr. Hodgson), who had the adjournment from the last time the bill was considered, should be permitted to proceed. At least we had a similar situation in connection with the Canadian-Montana Pipe Line Company, which came up for discussion here on April 6. Your Honour will find that, as reported at page 1693 of *Hansard*, the bill had been reported back from the standing committee on

railways, canals and telegraph lines and although the sponsor was not here, the bill was proceeded with in committee. There was a good deal of discussion and eventually the chairman reported progress and asked leave to sit again. That was done just last month. I submit that actually the measure is now in the hands of the house and that if the sponsor is not here tonight, that is his own fault. I suggest that a ruling to the effect that we cannot proceed with the debate at this time would not be correct.

Mr. Knowles: Mr. Speaker, I wish to say a word on the point of order. I should like to draw to your attention the fact that the language that was used by the hon. member for Vancouver-Quadra (Mr. Green) is to be found in citation 323 of Beauchesne, third edition:

> Every member is entitled to make a motion, but once he has moved it it is in the possession of the house . . .

Later on in that same citation there is this sentence:

> When an amendment has been proposed, the original motion cannot be withdrawn until the amendment has first been agreed to, withdrawn or negatived.

In other words, it seems to me that this matter is doubly in the possession of the house. In the first instance, there was a motion for a second reading moved by the hon. member for Simcoe East (Mr. Robinson). Once he made the motion and it was put to the house, it became the property of the house. In addition to that, there has been an amendment by the hon. member for Kootenay West (Mr. Herridge), which was moved and seconded; and that amendment is now in the possession of the house.

Moreover, as has been pointed out, divorce bills are frequently proceeded with in this house when the sponsor is not present. In fact, we all recall occasions when we have asked questions of the sponsor of a divorce bill only to find that he was not here at all. That has happened with respect to other private bills. The hon. member for Vancouver-Quadra referred to another one just a short while ago.

I recall the ruling to which the hon. member for Kenora-Rainy River (Mr. Benidickson) has just referred. I have not that volume here on my desk, but as I recall it, Your Honour had something a little more to say on that occasion. It seems to me that Your Honour said something to the effect that whatever was done, surely it would not be fair to the original mover of a bill to dispose of it finally; and I think that would be a matter of fairness and of common sense. But on the other hand, is it fair to the hon. member for Victoria, Ont. (Mr. Hodgson), who wishes to proceed with his remarks on the amendment moved by the hon. member for Kootenay West, to deny him that right on this occasion? As I say, if the debate on the whole measure finally came to a conclusion and we reached the point where it was the right of the original sponsor of the bill to close the debate, and Your Honour felt that the house should not finally dispose of it in his absence, I think we should have to support you. But I do not see how Your Honour can prohibit debate along the way when those who wish to speak to it are here and wish to do so.

Mr. Cruickshank: Mr. Speaker, I should like to speak to the point of order. I have not my copy of Beauchesne with me. Maybe someone will lend me a copy.

Mr. Fulford: Have you your copy of Knowles?

Mr. Sinnott: Have you Bourinot?

Mr. Speaker: Order.

Mr. Cruickshank: I could bring the Brockville telephone directory here. That is probably all some members would understand. But I can well remember being present when the hon. member for Winnipeg North Centre (Mr. Knowles) or someone spoke the other night. I can see the fairness of such a ruling if it was a question of bringing the matter to a conclusion; and I can assure you, Mr. Speaker, that I at least want to see this particular bill to incorporate Border Pipeline Corporation brought to a conclusion, as I presume every other hon. member does. But I want it to be brought to a satisfactory conclusion. I well remember that the other night, when the bill to incorporate the Canadian-Montana Pipe Line Company was under discussion, there was certain information that I particularly wanted to get. But that bill was proceeded with, a circumstance which was most embarrassing to me. I will admit that it is easy to embarrass me; but in this case it was particularly embarrassing for me because it threw me off my trend of thought when I could not get the answers to questions as I went along. Yet that bill was proceeded with, with no objection at all.

In this case, as has been pointed out, not only has the bill been brought before the house and been put into our care, through your gracious office, Mr. Speaker; but on top of that an amendment has been moved. I do not think it is particularly fair to the sponsor of this bill that we do not proceed with it and possibly advance it just to the satisfactory conclusion; then he in closing

the debate, for instance, could make any amendments he desired to make; and we hope that he will make amendments. But if we do not advance it so far, I do not think it is fair to him nor do I think it is quite according to Hoyle, judging by what went on the other night with regard to the Canadian-Montana Pipe Line Company, when the sponsor of that bill was not here to answer the questions that I asked in order to enable me to bring forward further constructive arguments as to why this bill should be passed. If we delay the discussion of this bill tonight, there may be some point brought up tonight that will facilitate the passing of the bill, allowing it to become law.

I am sorry I have not Beauchesne, Lloyd's or any other authority before me; but if I had, Mr. Speaker, I think I could quote you a section that would cover this particular case. Before you give your ruling, I should like to point out that the other night, in connection with a divorce bill, the very same ruling as mentioned by the previous speaker was used as an obstacle to me. I do not think we can have soup in one dish and not in the other. I think that in some cases we must not go entirely by Beauchesne but rather by the rule of common sense. To me it is common sense to proceed when the bill has been debated in this house, first reading having been moved and adopted, and having been doubly adopted by having an amendment moved to the motion for second reading. Mr. Speaker, I think that you should rule that this particular bill be discussed tonight.

Mr. MacInnis: Mr. Speaker, I shall be brief in what I have to say. In dealing with the matter of this motion, I think the particular purpose we should have in view is to protect the right of the sponsor of the bill. I agree that that should be done. But the mover of the adjournment of a former debate on this bill also has rights. What would his position be if, the next time this bill comes up for discussion, the sponsor is here and the mover of the adjournment is not here? Will the bill stand over until he is here? I think we should be careful how we deal with this matter. However, I think the rule provides that if the mover of an adjournment is not here, someone else may proceed in his place.

On April 6 the Canadian-Montana Pipe Line Company bill was up. The sponsor was not in his place, and there was no one who could answer questions. Along with the hon. member for Fraser Valley (Mr. Cruickshank) I objected to proceeding with the bill until someone could answer our questions. We had a good deal of difficulty to get the leader of the house that evening to allow progress to be reported and the committee ask leave to sit again. Therefore I think that the rights of the mover of this bill will be amply protected if the debate proceeds tonight, without disposing of the bill, and that he be given an opportunity to reply to anything that is said, and a vote taken when he is present.

Mr. Speaker: I wish to thank hon. members for bringing to my attention these points, which are very pertinent to the point of order. I must admit that this question has given me some concern. I realize that the rights not only of the sponsor of the bill but of the hon. member who moved the amendment, and of all hon. members, must be protected. I did make a ruling on this matter on Friday, June 23, 1950, which was to the effect that when the sponsor of a private bill is not in the house the debate on that bill cannot proceed without his consent.

Tonight we have a case where the sponsor of a bill has requested, through another member, that the bill should stand. Now it has been suggested that because there is an amendment, the debate on the amendment should proceed, and that the mover of the amendment might be injured by not proceeding with the amendment. In this case, in any event, that would not be possible, because I believe the purpose of the amendment is to delay the second reading of the bill.

Mr. Green: No.

Mr. Speaker: Therefore, he is not being injured in any way in that respect. Am I wrong? Notwithstanding, I will say that I have always considered that a private member who in sponsoring a bill stands in the same position as a member of the government who introduces a bill in the house. As hon. members know, when a government bill is introduced, it is introduced by a minister. There may be an amendment to that bill introduced by a private member. The discussion either on the bill or on the amendment does not proceed without the consent of the minister who introduced the bill. Why should a private member not stand in the same position? That has been the attitude that I have taken, and although I realize that it might appear that an injustice is being done, nevertheless I feel that I should not change the ruling which I made on Friday, June 23.

It has been said that the bill is now in the possession of the house, and that the amendment is in the possession of the house. That is so, and neither the amendment nor the bill can be withdrawn without the consent of the house. That also would be true of a bill introduced by a member of the government. A member of the government could

not without consent withdrawn his bill once it is in the possession of the house. As I say, I have given considerable thought to this. I think the rules of procedure might be amended. Until they are amended I feel I must abide by my ruling which I made on June 23, and allow the bill to stand.

Bill stands.

BRITISH COLUMBIA TELEPHONE COMPANY

The house resumed, from Friday, April 27, consideration of the motion of Mr. Applewhaite for the second reading of Bill No. 116, respecting British Columbia Telephone Company, and the amendment thereto of Mr. Gillis.

Mr. Applewhaite: Speaking to the point of order as to whether the amendment is in order or not, I regret I must inflict on the house another discussion on a point of order. I am not speaking on the amendment or its merits. I would submit, sir, that the practice dealing with the handling in this house of private bills is clearly set out in the standing orders and the citations in that part of Beauchesne, third edition, dealing with private bills; and further that the practice based on these standing orders and these citations is now established in this house by custom as well as by law.

In support of that statement I would refer Your Honour to citation 769, the appropriate part of which reads:

> The expediency of a private bill, being mainly founded upon allegations of fact, which have not yet been proved, the house, in agreeing to its second reading, affirms the principle of the bill, conditionally, and subject to the proof of such allegations before the committee.

It is the established practice in this house, according to the rule, that at the second reading the house will consider and pass upon the principle of the bill; that the committee to which the bill is referred under the appropriate standing order will be the judge of the facts upon which the application of the principle will or will not be based; in other words, the bill will or will not be passed. That process is set out in our own standing orders. What this amendment is asking the house to do is to put the cart before the horse, to reverse its own established procedure and to decide upon the facts before coming to a conclusion upon the principle of the bill. That I submit, Mr. Speaker, it cannot do.

It has been said by some hon. member—I regret that I cannot credit him by name because I forget who it was—that the standing orders and the citations are there for our guidance, and that the least we can do is to try to be consistent in living up to them. Citations following citation 769—there are several of them—I put on the record at the time that I introduced the bill for second reading, and I do not intend to inflict them on the house again; but I will submit, sir, that they all carry out definitely the principle that I have tried to outline.

There is in Beauchesne, third edition, which is the last word on parliamentary procedure in so far as we are concerned, a special chapter entitled "Private Bills", and a section of the "Standing Orders" dealing with private bills. That is the chapter, these are the standing orders, these are the citations which must govern us at the moment.

I said, sir, that Beauchesne, third edition, is the last word which we have to refer to in matters of procedure. Beauchesne, in his third edition, quotes on several occasions with reference to private bills—and quotes with approval—Dodd and Wilberforce on "Private Bills Procedure", which says at page 20:

> The house does not profess to decide upon the second reading as to the truth or otherwise of the allegations of fact upon which a proposed bill is based, and in conceding a second reading to a private bill the house is regarded as merely giving its sanction to its general principle on the hypothesis that the committee to which it afterwards is referred finds those allegations proved.

In Beauchesne we find citation 659 which reads in part as follows, after setting out at some length a case which was brought for decision:

> The Speaker ruled this amendment out of order because it did not challenge the principle of the bill and it anticipated the committee stage.

That citation is in the part of Beauchesne which deals with public bills. I submit it is much more impressive when considered in conjunction with standing orders and citations dealing with private bills, as the amendment before the house does not oppose the principle of the bill and does attempt to anticipate the correct committee stage.

On anticipation, at page 273 of the *Journals* of the house for 1934 Mr. Speaker of that day, in ruling out of order an amendment proposed by the late Right Hon. W. L. Mackenzie King, said:

> The amendment moved by the right hon. leader of the opposition does not challenge the principle of Bill 51 and it anticipates the committee stage.

And then Mr. Speaker at a later point closed his ruling with these words:

> The objections raised in the proposed amendment cannot be looked upon as reasons why Bill 51 should not now be proceeded with and, moreover, they may be considered after the bill has been read a second time.

Under our established practice the matters which the hon. member for Cape Breton

South wishes considered not only can but must be considered after the bill has been read the second time.

I should like to admit that there are in Beauchesne several citations which would indicate that a motion of this sort is entirely in order. But I would point out that those citations are not, any of them, to be found in that chapter or section of the book which deals with private bills, for which an entirely different practice is set out and has been established.

As to this may I read, with respect, from page 235 of the *Journals* of last year in which Mr. Speaker said:

> Private bills are of a different nature from public bills. I have said that previously in the house. The principle of a private bill is approved conditionally on second reading, subject to confirmation upon satisfactory proof when the bill is before the committee.
>
> As the Prime Minister has so well pointed out, standing order 104 makes it obligatory to refer a private bill, once it has received second reading, to one of the standing committees.

I submit that as to the practice there can be no question. There remains only the incident brought to the attention of the house by the hon. member for Winnipeg North Centre (Mr. Knowles) who said, with perfect truth, that a motion in exactly the same terms as this, on a private bill in 1948, was submitted to the house and was voted upon. The record of this is to be found at page 2831 of *Hansard* for 1948. What actually occurred was that the hon. member moved his amendment and sat down, and Mr. Speaker took the vote. No question was raised as to whether or not the amendment was in order. Then are we bound by something which occurred in the house when no ruling was made and no point of order was raised? I think that was answered by the decision of Mr. Speaker, from which I quote briefly as it appears at page 215 of the *Journals* for 1950, where it says:

> One must give the member for Winnipeg North Centre (Mr. Knowles) full credit for finding an instance in 1891 when two such motions without intermediate proceedings were allowed. I repeat, however, that the Speaker did not make a ruling.

That is the end of the quotation. Therefore Mr. Speaker felt that he was not bound.

It would be unthinkable that we should be bound by the incident of 1948. An irregularity, even with the greatest vigilance, may easily slip through and occur once in the proceedings of this house, without a point of order being raised. I do not think it should be suggested that that would establish a precedent which would have the effect of overruling the standing orders and established practice of the house, as it has been over the years. I submit that the amendment is completely out of order on a private bill.

British Columbia Telephone Company

Mr. Knowles: Mr. Speaker, I have listened with particular interest to the comments of the hon. member for Skeena (Mr. Applewhaite). It is a matter of interest to me when someone does some research into a point of order.

The hon. member has drawn to your attention the fact that there is a precedent in 1948 when an amendment similar to the one now before the house was moved and voted upon. He sought to make a point out of the fact that no argument was raised against the propriety of the motion. Nevertheless the fact is that it was not challenged and it is on the record as a precedent; and I should like to point out to you, Mr. Speaker, as well as to the hon. member for Skeena, another precedent.

This time I go back to 1944; and I ask you and the hon. member for Skeena to pay particular attention to the circumstances in 1944. On that occasion there was before the house a private bill moved by the hon. member for Lethbridge (Mr. Blackmore). This was a bill which sought to incorporate an Alberta provincial bank. On that occasion a similar amendment was moved. Who moved it? It was not a member of the opposition; it was the Right Hon. J. L. Ilsley, who was then minister of finance. His amendment was in precisely the same terms as the amendment now being discussed, namely that the bill of the hon. member for Lethbridge be not then read a second time but that the subject matter thereof be referred to one of the standing committees of the house. Not only was the amendment accepted and voted upon, but it carried. The bill was not then read a second time, but instead the subject matter thereof was referred to the committee mentioned in the amendment.

Mr. Pouliot: Does not the hon. member recall that at that time, in 1944, the only rule was the will of the government?

Mr. Fulton: Is that different from what it is today?

Mr. Pouliot: No, but I am speaking of 1944. You were not here then, but I was. You did not suffer from it, but I did.

Mr. Fulton: I suffer from it now.

Mr. Pouliot: Amen.

Mr. Knowles: I should like also to deal with other matters which have been raised by the hon. member for Skeena. I mention in particular citation 769, only part of which he read. I would draw his attention to the fact that he did not read the whole of it, but that he left out two significant sentences.

Mr. Applewhaite: I put them on the record.

Mr. Knowles: The hon. member may have put them on the record some weeks ago when he spoke on second reading, but he did not put them on the record tonight when he was trying to make the point that second reading should not be interfered with in this way. Perhaps I should read those two sentences now.

Some hon. Members: Nine o'clock.

Mr. Knowles: It says:

> Where, irrespective of such facts, the principle is objectionable, the house will not consent to the second reading; but otherwise, the expediency of the measure is usually left for the consideration of the committee. This is the first occasion on which the bill is before the house otherwise than *pro forma* or in connection with the standing orders; and if the bill be opposed, upon its principle, it is the proper time for attempting its defeat.

My point is that right there in that section in Beauchesne which deals with private bills—and my hon. friend from Skeena makes a great deal of the fact that there is a special section dealing with private bills—right there in that section is the admission that even a private bill, which often gets a perfunctory second reading, can be dealt with in a manner designed to defeat it if hon. members so wish. I should like to deal with one other point raised by the hon. member—

Some hon. Members: Nine o'clock.

Mr. Knowles: —but I see it is nine o'clock. I would move the adjournment of the point of order.

Mr. Speaker: If the house prefers, I would be prepared to make my ruling.

Some hon. Members: Hear, hear.

Mr. Speaker: First of all I should like to commend both hon. members for the manner in which they carried on this debate, and for the research they have made into this very interesting point of order. Although I am making my ruling now, I intend to give this matter further consideration, should a similar amendment be made in future.

In view of the two amendments which have been brought to my attention by the hon. member for Winnipeg North Centre, it would be hardly fair to disallow this amendment without notice. I will not say there has been a practice established, but in two cases this amendment has been allowed to stand. Therefore I am going to allow this amendment to stand. May I also say I feel that when this amendment is debated the whole principle of the second reading of the bill should not be debated but that the debate should be strictly confined to the amendment.

May I refer for a minute to the previous ruling which I made with respect to the standing of private bills when the sponsor is not present. I said at that time that I thought there might be an amendment to the procedure. I was referring to the fact that when hon. members come to the house for private members' hour they do not know what bills are to be debated. I think it would be helpful if hon. members knew in advance what bills were going to be considered during that hour. This would be similar to the practice in connection with government business.

It being nine o'clock, the house will resume the business interrupted at six o'clock.

WAYS AND MEANS

The house in committee of ways and means, Mr. Beaudoin in the chair.

EXCISE TAX ACT

Resolved, that it is expedient to introduce a measure to amend the Excise Tax Act and to provide:

1. That the rate of the general sales tax be increased from eight to ten per cent and that the rate of sales tax on those articles at present subject to four per cent be increased to five per cent.

2. That the excise tax on goods mentioned in schedule I of the act, and on furs, that are at present subject to the rate of fifteen per cent be increased to twenty-five per cent.

3. That the excise tax on candy, chocolate, chewing gum and confectionery that may be classed as candy or a substitute for candy, be reduced from thirty to fifteen per cent.

4. That there be imposed, levied and collected an excise tax of fifteen per cent on the following goods when adapted to household or apartment use:

(a) stoves, hot plates, grills and other appliances when adapted wholly or in part for cooking and when designed for using other than solid fuels;

(b) washing machines operated by electric or other power;

(c) electric, gas or kerosene refrigerators and freezing equipment and complete parts therefor including coils, condensing or compressor units, motors, cabinets, boxes, evaporators and expansion valves.

5. That the excise tax on cigarette papers and cigarette paper tubes be repealed.

6. That the excise tax on the following goods be increased by the amounts shown:

(a) for each five cigarettes or fraction of five cigarettes contained in any package, three-quarters of one cent;

(b) for each ounce or fraction of an ounce of manufactured tobacco, including snuff but not including cigars and cigarettes, contained in any package, three cents;

(c) for each ounce or fraction of an ounce of Canadian raw leaf tobacco when sold for consumption in Canada, three-quarters of one cent.

7. That the sales tax on the following goods be repealed:

(a) cortisone;

(b) adrenocorticotrophin (ACTH).

8. That any enactment founded upon this resolution be deemed to have come into force on the eleventh day of April, nineteen hundred and fifty-one.

Mr. Fleming: Mr. Chairman, in view of the fact that, following the discussions and rulings of last Thursday, the discussion now is ranging broadly over the eight sections of the resolution, may I direct a question to the parliamentary assistant with reference to item No. 3, the proposed reduction in the excise tax on candy, chocolate, chewing gum and confectionery from 30 per cent to 15 per cent. The reasons for this proposed reduction have been indicated by the Minister of Finance in his budget speech. It strikes me if these reasons are valid, and I have no reason to think they are not, that the proper course for the government to have followed would have been not simply to propose a reduction in the tax but repeal of the tax. I ask the parliamentary assistant, therefore, particularly in the light of the statement made by the Minister of Finance in his budget speech of April 10, what justification there can be for continuing this tax even at the 15 per cent rate?

Mr. Pouliot: Before the parliamentary assistant answers, may I suggest to the hon. member for Eglinton that he should visit the plants of manufacturers of candy and chocolate. He would be surprised to see the number of machines that were idle on account of the heavier tax. I took the trouble to visit a big plant in Montreal. I will give the name to my hon. friend if he wants it. I was surprised to see the number of machines that they had to make and wrap chocolate bars. The only thing that was done by hand was the putting of chocolate drops into the boxes. It is a huge plant that has to be enlarged, and I was surprised at the number of machines that were idle. I asked about the personnel, and they told me that the number of personnel was one-quarter of what is was in August of last year. They said that in August of last year they had 600 people working there, and the number had fallen to 200. This was before Easter, the busy season for candy manufacturers.

I had a letter from a candy manufacturer in my constituency who told me that he would have to close his business if the tax was maintained at 30 per cent. The same thing was said by many other candy and chocolate manufacturers, and I am sure that the minister had representations from all over the country to the same effect. When I was in Toronto I would have liked to visit the Neilson plant, but I did not have the time to do so because we were so busy seeing interesting things. I would have made a point to go there and ask them if conditions were the same in their plant as they were in the plant of the Montreal candy manufacturers. When hundreds of people are put out of work precisely on account of the increase in the tax, I find it judicious of the government to decrease the tax in order to give more employment to people.

My hon. friend knows what quantities of chocolate bars are sold to children, and not only to children but to people who travel and eat them on trains, and to people who eat them at picnics, and so on. The consumption is very large in Canada. It is true that they are a good food but that is not my point. What I wanted to tell my hon. friend, and what I want the hon. gentleman to understand, is that it is not a matter of producing more candy. It is not so much that as the idea of keeping people at work who are accustomed to doing that type of work, women who cannot do hard work. Moreover, if my hon. friend takes the time to go to Neilson's in Toronto, a firm that I have not visited, and others in other cities of Canada, he will be surprised to see the machines they use for the manufacture of chocolates and other candy, and I am sure he will appreciate the fact that the tax has been reduced as much as possible in order to provide more work for both men and women.

Mr. Fleming: May I remind the committee that a similar tax was in effect until the spring of 1949. The pre-election budget was distinguished among other things by the entire repeal of this same tax. The repeal lasted only until September, 1950, when the Minister of Finance, even in the face of the reasons which he had given in the spring of 1949 for repeal of this tax, asked the house to reimpose the tax and to levy it at the rate of 30 per cent. In his budget speech on April 10 the minister said, as reported at page 1812 of *Hansard*:

> In September a tax of 30 per cent was imposed on all candy, confectionery and chewing gum. Experience has shown that this rate has been too severe, and its effects upon the industry have been out of proportion in comparison with other taxed industries. We propose, therefore, to reduce this rate to 15 per cent.

In that brief reference, Mr. Chairman, I think the minister has shown quite conclusively what were the inherent defects of this tax. First of all, it was discriminatory. It singled out the manufacturers of a particular article or articles, which in the eyes of most people are a food, for a special tax. As the hon. member for Temiscouata has pointed out, in that respect it was discriminatory against the persons employed by the companies producing these goods as well as against those who were employers and industrialists. In the second place, the minister has pointed out that the tax had a damaging effect on the industry. He drew attention to the fact that the effects on the

industry have been out of all proportion in comparison with other taxed industries. The amount realized from this type of tax, which of course in large measure is paid by youngsters and the parents of youngsters, has been out of all proportion to the damage which has been done to the industry and consumers.

I come back to the question I put to the parliamentary assistant. If the Minister of Finance has given sound reasons for the proposed reduction in the tax, it seems he has given equally sound reasons for its complete repeal, and I ask what justification there can be for continuing to tax even at the rate of 15 per cent.

Mr. MacInnis: This is the first time I have taken part in any of the discussions concerning the budget, but I feel I must say something in opposition to the increase in the sales tax. In his budget speech the minister said, in mentioning this increase—I am not quoting his words but giving their sense or import—that as 95 per cent of the food items were exempt from the sales tax, for that reason this tax would not fall heavily on those in the low income brackets. That seems to me terribly callous reasoning. Surely people whose incomes are already so low that the greater part must be spent on food are sufficiently punished even if they go free of all taxes.

Then on Thursday evening, I think it was, the parliamentary assistant referred to the fact that the number of persons gainfully employed in this country was 5,200,000, but of that number only 2,200,000 paid income tax. I do not know whether he said in effect that the reason for this increase in the sales tax was to catch the other 3,000,000 so that they would contribute to paying for some of the social services they enjoy. Let us examine that reasoning. If the reasoning of the Minister of Finance was callous this is equally callous, if not more so. The exemptions under the Income Tax Act are $1,000 for a single person and $2,000 for a married person.

Mr. Sinclair: On a point of order, Mr. Chairman, when I tried to expand this argument myself the whip of the C.C.F. was promptly on his feet to call me out of order because the income tax resolution was not being discussed. I suggest in all fairness that the rule be applied to the colleague of the hon. member for Winnipeg North Centre as it was applied to me.

Mr. MacInnis: Before you give your ruling, Mr. Chairman, may I point out the difference between what I am saying now and what the parliamentary assistant said Thursday evening.

[Mr. Fleming.]

Mr. Sinclair: I never had a chance to say it.

Mr. MacInnis: I am going to deal with a specific point, that is the income these 3,000,000 people are receiving. The parliamentary assistant was making a speech on the Income Tax Act, comparing it to that in the United Kingdom and the United States. I am not going to do that. I have great respect for your rulings, Mr. Chairman, so I will ask you to watch me carefully and if you check me I shall govern myself accordingly.

Before I go on with the point I want to make, let us remember that the purpose of the increase in this tax is to catch those who do not pay income tax, whose incomes are too low to come under that tax. Having said that, I think I am entitled to say what the incomes are on which taxes are paid. Mind you, I am not arguing whether the income tax is too high or too low; I am merely stating that for single persons the exemption is $1,000 and for married persons it is $2,000. The purchasing value of $1,000 today, in terms of the 1939 dollar, is about $550 or $560. The purchasing value of $2,000 in terms of the 1939 dollar would be twice that, or something under $1,200, so really what is being exempted for income tax purposes today is about $550 and $1,100. Can anyone with an income of only that amount pay taxes at all without sinking himself and his family still lower in the mesh of poverty? When we do tax them let us remember that we cannot get away from the effects of poverty. Government at some level will have to give these people assistance to compensate for what we tax out of them. Government at some level will have to pay for the crime, the sickness and the delinquency that follow in the trail of poverty. Surely with such a clear case before us we are not now going to tax people who at the present time are not getting sufficient income on which to live decently.

This tax is wrong in principle because it gets away from the principle of taxing according to ability to pay. At the same time it is undesirable because it places the same tax on what is bought by the poor as on what is bought by the rich. Today the hon. member for Red Deer referred to the strange phenomenon that people speak differently or take a different attitude when on the government side than when on the opposition side. I have drawn attention to that on various occasions during my time in this house.

I wish tonight to draw attention to what the financial critic for the opposition in 1931 had to say about the sales tax. At that time it was a Liberal opposition, and the financial critic was the late Hon. J. L. Ralston. The government had increased the sales tax

in that budget from one per cent to four per cent, and Mr. Ralston said this:

My hon. friends opposite are talking about domestic trade and the desirability of having as many trading transactions as possible in process. Every time that four per cent tax is imposed it is a detriment to trade; it is a brake on the wheels of trade. Yet, as I say, the tax has been increased from one per cent to four per cent, and it is being passed on to and paid by the only people who do pay—the consumers.

I would not say that people are as poverty stricken today as they were in 1931, but I do say that those who are living on low incomes will find it as difficult to live today as those who were living on low incomes in 1931. I am not concerned about the effects of the tax on people who can afford to pay. I am only concerned with the effect of the tax on these three million workers and others like them in Canada who are receiving incomes so low that they do not pay income tax which is levied according to ability to pay. Those people receive certain social services, such as family allowances. If we are going to tax them to pay for the family allowance and other social services, what is the ultimate benefit to them going to be? As a matter of fact, you cannot seriously tax the poor because the poor have nothing to tax. To the extent that you try to tax them you are putting the burden on some other level of government.

Let me read further from what Mr. Ralston said:

It is the ordinary, every-day consumers, the men and women who are hard put to make ends meet, men who are out of work, who are now called upon to pay the extra amount in connection with the sales tax.

So today in the same way it is the men who are hard put to get along without paying taxes whom you are going to make suffer the burden of low wages and high prices by increasing this tax.

Mr. Stuart (Charlotte): I should like to say a few words in reply to the suggestions that have been put forward by the member for Temiscouata. I want to congratulate the Minister of Finance and the government on the reduction in excise tax on candy. This adversely affected a large industry in my riding, the manufacturers of Ganong's chocolates. I believe this measure is appreciated by all who work for them, and by the officials of the company. At the time this thirty per cent tax was imposed, I was advised that the greatest competition Canadian candy manufacturers had was from the importation of chocolates from Great Britain. Apparently the chocolate that was manufactured was made from cocoa that had been subsidized by the government and sugar that had been subsidized by the government. Competition of that kind was very unfair. Companies in Great Britain that had subsidiaries in Canada were able to ship chocolate into this country duty free because the dumping duty was not applied. It was a very unfair thing to the candy manufacturers of this country. I do know that Ganong Brothers were obliged to discharge several men and women who were working for them at the time this tax was applied.

It has been suggested that the tax should be applied also to what we sometimes term nickel articles such as ice cream and potato chips. Today when a child goes into a grocery store or a drug store with a nickel, there are very few things he can buy. He can buy ice cream and potato chips. If one looks back over the record, one finds that the sale of potato chips increased one hundred per cent within a few months after this tax was applied. The candy manufacturers considered this to be very unfair.

I do not want to take any more of the time of the committee, but I do want to congratulate the minister and the government on taking this matter into consideration because the candy manufacturers were at a great disadvantage. I might point out that the cost to Ganong Brothers was considerable. They had 30,000 boxes of eight-cent bars which were selling for eight cents and which had to be sold at a loss of 48 cents a box. The production of the bar department was down from 120,000 pounds per month to 65,000 pounds per month for the first three months after this tax was applied. The production of penny goods ceased completely, and with Ganong Brothers that was a very big seller. This tax prohibited the manufacture of that type of candy. There were over 17,000 boxes of labels that had to be discarded owing to the fact that the size of the bar had to be changed, and those wrappers were a total loss. It is estimated that the tax cost Ganong Brothers in the vicinity of $60,000, and their production was down about one-third. I believe the reduction in the tax was a move in the right direction, and I want to congratulate the minister on the consideration he has shown that industry.

Mr. Shaw: There are a few questions which I should like to direct to the parliamentary assistant to the Minister of Finance. These questions arise out of a statement the minister made when delivering his budget on April 10 which is to be found on page 1812 of *Hansard*. He was speaking of the reason for increasing the sales tax, and he said:

My range of choice to secure this remaining $100 million is really limited to more than doubling the

increase I have already proposed on the personal income tax, which could only be achieved by a sharp lowering of exemption levels, or an increase in the sales tax.

Now, I am asking the parliamentary assistant if we are to take that just as it reads. Was the Minister of Finance actually limited to a choice as between those two things, and if so would the parliamentary assistant list those factors which limited the minister's choice either to the raising of the sales tax or an increase in the income tax rate?

Mr. Follwell: Mr. Chairman, I should like to ask—

Mr. Shaw: Mr. Chairman, I did not ask my question just to be passing time. The minister asserted he was limited to a choice of either imposing an additional 25 per cent sales tax or increasing the income tax rate. Are we to take that as it reads? If so, will the parliamentary assistant list those factors which limited the minister to a choice between those two things? After all, a budget speech is not delivered extemporaneously. It is a carefully prepared document, and I assume it is carefully thought out. Every word is weighed, and I take it as it reads.

Mr. Sinclair: Mr. Chairman, hon. members who listened to this debate will understand why I perhaps have not paid too much attention to what the hon. member for Red Deer has said. Earlier in the debate he made the observation that he believed the budget had been thrown together overnight. Now he says: Of course I know the budget had very grave and long consideration given to it. Then he says an extraordinary thing, and asks me as parliamentary assistant to the Minister of Finance whether the minister really meant what he said when he said that for reasons which he had already outlined he was limited in raising this last $100 million either to an increase in the sales tax or a still further increase in the income tax. Anyone who studies his analysis of the revenue which we can expect from each of the increases in the major fields of taxation would see the great extent to which such an increase would have to be made to raise a further $100 million.

Mr. Shaw: If applied to one particular thing.

Mr. Sinclair: For example, $125 million is the figure which we are raising by the increase in tax. When the amendment to one of the clauses was before the committee a little earlier, I pointed out, just by a quick examination of the figures put on record by the minister, that this would have necessitated the substitution of an increased liquor tax, which is already a very high one, from $12 a gallon to $36 a gallon, assuming that there was absolutely no diminution in the rate of consumption. It is considerations like that which the minister has detailed in the speech itself, as he examines the revenue he can raise from each of the major fields, which led him to that conclusion. If the minister with his logic cannot persuade the hon. member of the correctness of his case, certainly he cannot expect me to do so. As to the hon. member for Eglinton—

Mr. Shaw: May I just make one observation before the parliamentary assistant leaves his reference to me?

Mr. Sinclair: I should prefer to go through and finish.

Mr. Shaw: That is fine.

Mr. Sinclair: Mr. Chairman, I waited until several members had made their points, which I noted. The hon. member for Red Deer insisted that I get to my feet. Now that I have risen, I think that I should at least be allowed to finish my remarks and deal with the other points.

Mr. Shaw: I can make my observations later.

Mr. Sinclair: The hon. member for Eglinton referred to the tax on candy. Since we had found that this taxation on candy was too heavy in relation to taxation in competing fields, he asks why we did not remove it completely. Of course, I cannot quite follow his logic. Because the tax is too heavy, that does not imply immediately that the whole tax should be removed. We have reduced it to 15 per cent. We have cut it in half. The candy and chocolate manufacturers naturally would be happy—as would any other manufacturer—to see all taxes on their product totally removed. But as the hon. member for Charlotte has pointed out, their feeling is that this action would put them in a position where they can again compete.

The points put forward by the hon. member for Vancouver East, of course, have been put forward by practically every other opposition member who spoke. The point made by the hon. member for Red Deer this afternoon, to the effect that people in opposition talk differently about the sales tax from people in government, is of course amply borne out by the records which have already been presented in this house. When the Conservatives increased the sales tax 500 per cent, from one per cent to six per cent, of course the Liberals were indignant. Now the Conservatives are equally indignant because, as a result of defence revenue needs, we have been forced to increase it 25 per

cent, from eight per cent to ten per cent. The hon. member for Vancouver East of course will recall that the C.C.F. in power feel differently about the sales tax from the C.C.F. not in power, because in Saskatchewan, I understand, despite the promises to remove the sales tax when they were in opposition, the sales tax has been increased by the C.C.F. government from two per cent to three per cent, which is a 50 per cent increase.

Mr. Coldwell: But they removed it from a long list of the necessities of life—from foods, meals, drugs and a long list of other things. As far as the C.C.F. here are concerned, may I say that we have not changed our opinion.

Mr. Sinclair: Of course not. That is the whole point of the little argument I am making. When they are in opposition, of course it is an iniquitous tax. I am amazed that the leader of the C.C.F. should have so little influence on the provincial government in Saskatchewan.

Mr. Coldwell: I have no more to do with the provincial government in Saskatchewan than has the Prime Minister to do with the provincial government, we will say, of Nova Scotia or of Quebec.

Mr. Sinclair: I should think it was important that the one socialist government in Canada would be a model government, and that the leader of the C.C.F. group would take more than a paternal interest in what they were doing.

As to the list of exemptions, our list of exemptions to the sales tax is a far wider one than any provincial list of exemptions in any of the provinces which apply the sales tax.

Since you, Mr. Chairman, permitted the hon. member for Vancouver East to extend his argument on the income tax, may I say that the point I made, by raising the fact that out of 5,200,000 people gainfully employed in Canada only 2,200,000 paid income tax last year, was in order to point out with the tables that in Canada we give the highest income tax exemptions of any country of the western world. It is not that our incomes are too low, but rather that we have seen to it that our income tax exemptions are the highest of any in the western world. When I get to the income tax resolution, I will certainly put on the record the income tax exemptions of other countries and the actual taxes paid by a Canadian earning $3,000 a year.

The Deputy Chairman: Order. I heard the parliamentary assistant state that I permitted the hon. member for Vancouver East to speak about the income tax. I did not permit him to do so. He did so because he was in order when he was doing it. He was drawing a parallel or citing an example.

Mr. Sinclair: I am sorry, Mr. Chairman, if I used the word "permit". In any case, like the hon. member for Vancouver East, I have now finished that avenue.

One other point raised as to the tax on candies was that it was not only the tax on candy but the large increase in the cost of raw cocoa beans which has also affected our Canadian chocolate manufacturers. That situation of course was mentioned by the hon. member for Charlotte. The other evening the hon. member for St. John's West asked me about the customs tariffs on these various items. I have that information with me tonight and when we are on the customs tariff bill I will give it to him.

Mr. Coldwell: May I just ask one question here? Is it not a fact that imported chocolates also pay the excise tax; that is, they pay the customs tariff and the excise tax?

Mr. Sinclair: That is quite true.

Mr. Coldwell: I understood the hon. member for Charlotte to say that it was unfair competition from the British chocolate candy manufacturers about which they were complaining. Perhaps I misunderstood him.

Mr. Sinclair: No. The hon. member's point was that the chocolate manufacturers in Britain can buy their cocoa beans at a better price than can our Canadian manufacturer. The source of cocoa beans is the Gold Coast of west Africa; and cocoa is subsidized in Britain.

Mr. Shaw: May I pursue this matter, Mr. Chairman? The parliamentary assistant's answer to my question was interesting but not very convincing.

Mr. Hansell: It was not an answer at all.

Mr. Shaw: One could hardly construe it as an answer. When on a previous occasion I referred to my conviction that the budget had been thrown together in a hurry, I was making specific reference to the specific proposals contained in it. But I assumed at least that the minister would be extremely careful with regard to the use of words in trying to deal with a set of proposals which must have been a bit unwholesome even to him in his way of thinking. In the second place, Mr. Chairman, it is obvious that the parliamentary assistant undertook to convey the impression that I was suggesting that if he had not acquired $100 million from an increase in the sales tax, he would have had

to procure it from additional taxes on one other commodity, and he mentioned liquor. I suggested earlier in the debate that I was convinced that the minister was not limited to liquor. In fact, I made one or two other suggestions. I would say there are a great many fields open. The effect of my question was to question the propriety of indicating to this house that he was limited to a choice of one of two things. Personally, I am convinced that he was limited to no such field at all. As I see it, I think it was a mere attempt to find an additional argument, if possible, for doing something which the minister knew would be most unpopular with the Canadian people.

I just wish to make one other reference. The parliamentary assistant referred to an observation of mine this afternoon with regard to a Liberal member acting one way when he is a member of the opposition and acting in quite another way when he is a member of the government. I had in mind this: In the late spring and early summer of 1935 when the Liberals were asserting to all who would listen that they were certain to form the next government, they were also damning the sales tax. Yet, when they brought down their first budget on May 1, 1936, one of the first things they did was to increase the sales tax from 6 per cent to 8 per cent, and estimate that they would draw from the pockets of the people $23 million additional tax by that process. It seems rather strange to me that such things could all occur within the space of less than a year. The sales taxes were vicious in principle in the late spring of 1935 and during the summer, and particularly during the election campaign of the fall of 1935. It is an amazing thing that it took on such favourable characteristics almost immediately after the Liberals were elected to office, and more particularly when the minister of finance of that date was drafting his budget. But I do not intend to say anything more, Mr. Chairman, except to reassert that I should have liked to get a list of those factors which limited the minister in his choice between increasing the income tax on the one hand, and imposing a sales tax on the other; but obviously I shall not get a more specific answer tonight, and therefore I will let it ride at that.

Mr. Harkness: I should like to bring up the matter of sales tax on school busses. I know that the Minister of Finance has received representations from the Alberta school trustees association, and I think from a large number of other school associations in connection with the sales tax, requesting that it be removed so far as busses and other vehicles used solely for the purpose of transporting pupils to and from schools are concerned.

We have in this house a considerable number of debates in connection with federal aid to education. Nothing has been done along that line. This is one of the ways in which the federal government could give a certain amount of aid to education without hurting themselves to any extent. It seems an unreasonable thing that the school districts and municipal areas throughout the province should be burdened when they are attempting to raise the money to finance schools; and as for the busses they purchase for that purpose, or busses used for that purpose in the school district—they have to pay it eventually whether they actually own the busses or somebody else does—it seems quite ridiculous that these municipal areas should have to pay the sales tax on busses used for this purpose or other vehicles used solely for this purpose.

Last year I brought this same matter up, and the minister promised to give consideration to it in the following year's budget—that is, the present budget we are considering. Apparently nothing has been included. Why has the sales tax on these school busses not been done away with? Is the parliamentary assistant going to answer?

Mr. Sinclair: I have been answering questions in batches for three or four members at a time. I did that to save time, but if hon. members want me to answer them individually, all right.

Mr. Harkness: Then I have another question that I also submitted to the Minister of Finance some time ago. It is in connection with the sales tax on gasoline-powered vehicles, trucks and so forth, which are used exclusively in the production of coal. There is an anomalous situation in this connection. Any truck, or other vehicle, which is a diesel-powered vehicle and used exclusively in the production of coal does not bear sales tax; but if the motor in the truck—it might be exactly the same truck—is a gasoline-powered motor it is subject to sales tax. It does exactly the same work, and the request that was made to the minister in this connection was that gasoline-powered vehicles used exclusively in the production of coal, chiefly in stripping operations—there are some vehicles also used in mines—be not subject to the sales tax. I have in front of me a letter from the minister in which he says: "I shall be very pleased to consider this request when I am reviewing the sales tax proposals during preparation of the budget." Well, apparently he was pleased

to consider it, but there does not seem to have been any action. Why has that change in the sales tax set-up not been made? The amount of money which would be lost to the federal government as a result of repealing this tax would be very small. The number of these vehicles used is not great, but so far as the people in the business are concerned it is quite an important item. In view of the fact that this concession was made so far as diesel-powered trucks are concerned, I can really see no reason, no sense from any point of view, why gasoline-powered trucks should not be put in the same position.

Mr. Follwell: May I also take this opportunity of saying thank you to the department and the minister for reducing the tax from 30 per cent to 15 per cent on candy goods. I should like to bring to the attention of this committee something that was happening in my riding to a small firm that was attempting to carry on business, and the way in which this 30 per cent tax adversely affected not only the business but the income of the government as well. To that end I shall quote from a letter received from the Tweed chamber of commerce:

> At a recent meeting of Tweed chamber of commerce, it was disclosed that the 30 per cent excise tax, recently imposed by the dominion government on certain types of confections, has resulted in a serious blow to one of Tweed's leading industries, the W. T. Hawkins Company, Limited.
>
> They are manufacturers of caramel-coated popcorn, which is now affected by the tax. Since the tax was imposed, employees are only working part time and as a result a great deal less money from the company's payroll is in circulation in the village.
>
> If the purpose of the government was toward increased revenues, it is quite clear that the tax has had the exact opposite effect in the case of the Hawkins company, where production has been reduced by 75 per cent.
>
> Tweed chamber of commerce looks on the tax as a serious threat to business among the merchants in our community. We would greatly appreciate it if you would kindly bring to the attention of the government the damaging effect that the tax has had on business in this little town.

Well, Mr. Chairman, I should like to go further and show by a comparison the effect that this 30 per cent tax has had not only on the business of this company but on the income of the government as well. The average monthly sales for twelve months ended October 30, 1950, before the tax was put on was $22,359. After the tax was imposed the average monthly sales for five months ended February 28, 1951, was $5,724. The average monthly sales tax for twelve months ended September 30, 1950, was $1,788. The average monthly taxes, sales tax and excise tax, for five months ended February 28, 1951, were $2,190. During that time the cost of ingredients and packing materials of course increased as well. This company was faced not only with declining sales but increased cost. The ingredients such as corn increased from October, 1949, to February, 1951, 19·8 per cent; sugar increased in the same period 19·1 per cent; corn syrup, 14·8 per cent; cellophane bags for packing, 17·4 per cent; display boxes, 28·2 per cent and cases for packing, 14·5 per cent.

This product is one known as Caramel Corn Snacks, and I submit the government should consider that this corn should be treated in the same way as other popcorn, should be declared outside the act and be made tax free.

On a résumé of the net sales I would point out the figures from July 1950 to February 1951. In July of 1950 the net sales amounted to $22,555.77, while the total sales and excise taxes amounted to $1,804.07. In August of that year the net sales amounted to $19,508.24, while the total sales and excise taxes amounted to $1,560.66. In September, the net sales amounted to $14,903.68, while the income to the government from sales and excise taxes amounted to $4,374.63. Then when the 30 per cent tax went on, in October the sales dropped to $5,247.66, and the income to the government in sales and excise taxes amounted to $1,994.11. In November the net sales was valued at $9,864.77, whereas the total sales and excise taxes amounted to $3,748.61. In November sales were higher, owing to the sale of a new 25-cent package, in the hope that it would stem the falling off of business. However, most of those 25-cent packages are still in the hands of distributors, and unsold at the present time. In December net sales amounted to $5,019.82, and total sales and excise taxes to $1,907.54. Then, in January of 1951, net sales were valued at $5,539.33 whereas total sales and excise taxes amounted to $2,104.95. In February, total sales amounted in $3,148.60 whereas total sales and excise taxes amounted to $1,196.47. Once again I would impress upon the government the fact that this product is similar to that now being marketed as a candy cereal, on which there is no tax. It is in direct competition with popcorn, which, as I have said, apparently is outside the act and is not subject to tax.

I would ask the parliamentary assistant to take the matter into consideration and to pass on to his minister the request that this caramel product, known as Snacks, be placed on a basis comparable with popcorn, and thus be declared tax free.

Mr. Green: I should like to ask two questions, the first of which has to do with the

application of the sales tax on motor cars. Representations have been made to me respecting a person who had paid for his car in Vancouver, and was to take delivery at the factory in the east. He was to pick up his car on April 18. Meantime the tax was announced, and he has been charged the increased percentage.

My second question has to do with a new drug known as chloromycetin, which apparently is subject to the sales tax at the present time. This drug is very expensive, twenty pills costing about $16. I believe it falls into the category of a necessity in connection with the treatment of a certain type of ailment. The parliamentary assistant knows that in many cases people who require these drugs have already suffered greatly from sickness, and are in poor financial circumstances. Is there any possibility of having this drug included among the exceptions? If it were so included the amount of tax lost would be negligible, and I believe a genuine case has been made for those who must use it. The person who wrote to me had to take one of these pills every four hours for at least three days. The parliamentary assistant will see that at a price of $16 for twenty pills this runs into heavy expense. Could this drug be included among those already mentioned in the resolution?

Mr. Sinclair: The hon. member for Calgary East asked why the sales tax had not been removed from school busses. Two years ago we removed the excise tax from such busses, and at that time the move was naturally welcomed. School busses in this country fall into two categories. The great bulk of them are not owned by school boards, but are owned rather by men in the transportation business. In my own riding, for example, the busses are privately owned and used for other purposes during the day. The difficulty of establishing a hard and clear line between a bus company which pays not only the sales tax but also the 25 per cent excise tax, and which has not a school bus franchise, and those who have a school bus franchise, would make it a very difficult problem of administration. We have given relief to the extent that school busses do not pay the excise tax on motor cars.

The second point raised by the hon. member was as to why we still levy the sales tax on gasoline-powered equipment used by mines or quarries for off-road work. The exemption of diesel-powered equipment is fairly recent. The mining industry welcomed it as a great step forward. Diesel equipment is, of course, larger, more expensive and heavier than gasoline-powered equipment. It has far less other uses. Most gasoline-powered equipment can be converted quickly to other uses, and in this respect is unlike the diesel-powered equipment. If hon. members will look at the customs tariff schedule they will see that we are again widening very greatly the tariff concessions on mining equipment.

I might add that this distinction between diesel-powered and gasoline-powered equipment is not confined to mining and quarrying. In the same customs tariff amendments it will be found that we exempt diesels used by fishermen, whereas gasoline-powered equipment used by fishermen is still subject to the tariff.

Then the hon. member for Hastings South raised the point he had already raised with the department with respect to the tax on candy-coated popcorn. Once again this raises the problem as to where the borderline in taxation must go. In his mind he can build up good reason as to why this product should be subject only to the tax applicable to nuts and popcorn. Of course the candy people would be the first to complain by saying that here is a candy-coated confection free from tax being sold in competition with candy which is paying 15 per cent. They would ask that since this confection is candy-coated it should be classed as a candy.

The actual budget resolution refers to candy, chocolate, chewing gum and confectionery that may be classed as candy or a substitute for candy. I know that the average small child who buys candy-coated popcorn feels that he or she is buying candy, not popcorn. For that reason they are included in that category, and I feel sure that the remission of the excise tax from 30 per cent to 15 per cent will be helpful to the firm the hon. member has mentioned.

The hon. member for Vancouver-Quadra has raised the matter as to when the sales tax on cars applies. It has been the ruling of the Department of National Revenue that the sales tax applies on delivery from the manufacturer. Some sales dealers do sell cars ahead of time on contract, that they will sell the car at a certain price, no matter what tax change may take place. In that case the dealer must pay the increased tax, if any.

Then, so far as the special drug the hon. member mentioned is concerned, my answer would be that we have to be pretty well guided by the regulations of the Department of National Health and Welfare. The question of taxation of drugs is a different one because there are many drugs, some very expensive and some cheap, some which of course are

well known and very useful and others concerning which doctors have doubts as to their effectiveness despite the enthusiasm with which individuals may use them. If this drug has a widespread use and is as expensive as it is said to be, I have no doubt that the Department of National Health and Welfare will make representations to the department to include it, perhaps not this time but for next year's budget, with the class of drugs under doctors' prescriptions which we now exempt from sales tax.

Mr. Fleming: Mr. Chairman, I think the parliamentary assistant rather sought to brush aside what had been said with respect to the inadequacy of the reduction in the tax on candy, chocolate and confectionery. I think the point is not to be so easily avoided, that the Minister of Finance himself has in effect destroyed by his argument any basis in logic for continuing this tax even at the reduced rate. Bear in mind, sir, that this form of product bears a sales tax. What we are dealing with here is an excise tax in addition to the general sales tax which itself is going to be increased by the present budget. Let us not overlook that.

When hon. Liberal members, two of whom have spoken tonight, commend the Minister of Finance for reducing the excise tax on candy, chocolate and confectionery, let us bear in mind at the same time that the increase in the sales tax on the same commodities is going to have the effect of largely neutralizing this inadequate reduction in the excise tax. I am sure I do not need to spend any time in answering the argument that no reduction is required because two government supporters in the house tonight have already given a rather graphic picture of the very harmful effects experienced by the manufacturers of these commodities and their employees as a result of the very drastic excise tax of 30 per cent that was applied last September on those commodities.

I happen to have some figures here indicating the increased costs which have confronted the manufacturers of these commodities. I have the figures of the cost of their raw materials in 1939 and alongside them the figures of the cost of their raw materials in 1950 at the time the minister applied his 30 per cent excise tax. I shall indicate in each case the proportion of increase for each item of raw material that enters into the production of candy, chocolate and confectionery. The first is cocoa beans. The price in 1939 was 7 cents a pound and in 1950 38 cents a pound, an increase of 443 per cent. The price of cocoa butter in 1939 was 14·9 cents a pound, and in 1950 80 cents a pound, an increase of 437 per cent. The price of sugar in 1939 was 5 cents a pound, and in 1950 9·66 cents a pound, an increase of 93 per cent. While I am speaking about sugar, let me remind the committee, Mr. Chairman, that a special excise tax is collected on sugar.

The raw material cost of glucose in 1939 was 3·35 cents a pound, and in 1950 7·07 cents a pound, an increase of 111 per cent. The price of milk powder in 1939 was 13·82 cents a pound, and in 1950 28·42 cents a pound, an increase of 105 per cent. Turning for the moment from raw materials to paper and packaging materials of various kinds, the increase in the period from 1939 to 1950 has been variously from 50 per cent to 75 per cent. As to peanuts, which enter into the production of a good deal of confectionery, in 1939 the price was 5 cents a pound, and in 1950 15 cents a pound, an increase of 300 per cent. Then there is also the increase in labour costs which from 1939 to 1950 show an increase of 65 to 100 per cent depending upon the nature of the particular work.

In the face of these heavy increases in the cost of production, this industry, which has suffered seriously under the handicap imposed by the minister in his 30 per cent tax last fall, is, on the minister's own reasoning as disclosed in the budget speech, entitled to something better than a 15 per cent decrease in the excise tax while at the same time facing an increase from 8 per cent to 10 per cent in the sales tax. Anything that the parliamentary assistant has said on the subject tonight seems to me to fall far short of justifying the inadequacy of this decrease, or in fact any continuance of the excise tax on these commodities at all. So much for the one decrease in taxes offered by the budget.

The rest of the picture is one of increases down the line. As to these increases I wish to make two observations of a general nature. In the first place it seems to me that it is axiomatic in all taxation that taxes ought not to be discriminatory, that they should not favour one group at the expense of another, that they should not penalize manufacturers or producers in one particular line while at the same time benefiting or exempting others in similar lines of production. That has been one of the main grounds of attack on and protest against the impositions in this budget. Let me take your mind back, Mr. Chairman, to last September when the Minister of Finance for no adequate reason chose to select certain commodities as targets for the imposition of what was then a 15 per cent excise tax. There were those who muttered the world "luxuries" under their breath and conjured up memories of the so-called luxury

tax that was imposed during the war, a tax, let me remind you, which was not imposed at the producer level but was a tax on the consumer. It was a tax levied at the point where the goods left the retailer to enter the hands of the consumer, a tax that was well known, well advertised, and which the people who were paying it had an opportunity to measure. The Minister of Finance in due time sought to replace that tax by a hidden tax, a more favoured form of taxation because it is thought to be easier to extract money out of people when they are not conscious of paying a tax on the commodities they have to buy. But when some were recalling that so-called luxury tax of war days, I do not recall that anyone in the house had the temerity to stand up in his place when this tax was under debate last September and say that the commodities upon which the minister then proposed to apply a 15 per cent excise tax were in fact luxuries. You have only to look at the list to realize that some of these articles are clearly articles in very common use in hundreds of thousands of households in this country. Articles such as toasters, electric kettles, electric irons, vacuum cleaners and so on were singled out for the imposition of this special 15 per cent excise tax. The unrepentant Minister of Finance is not satisfied with having discriminated against those who produce these articles, whether employers or employees, and against those who sell them and those who buy them; he has chosen to increase the tax from 15 per cent to 25 per cent in addition to the sales tax, which has also been increased by 25 per cent. I say to you, Mr. Speaker, that there is no ground whatever for singling out commodities such as those for the application of this discriminatory tax.

Take luggage, for instance. I will concede at once that there are some very expensive types of luggage which in all fairness might well bear their share of necessary taxation, but there is a great deal of luggage that cannot be classified as luxuries by any stretch of the imagination. Therefore there can be no justification for singling out that type of luggage, first of all last September for the imposition of a 15 per cent excise tax, and now for an increase in that tax to 25 per cent accompanied by a 25 per cent increase in the sales tax.

If the minister wants to draw a line between what may be regarded by most people as luxuries on the one hand and on the other hand those commodities, perhaps of a similar nature but less expensive, which most people would regard as reasonable necessities of life, let him do so; but let him not proceed, as he did last September and as he is trying to do now, to select articles without making the slightest attempt to distinguish beween those that are luxuries on the one hand and those that are necessities on the other, and include them all in his discriminatory taxes.

It seems to me that in respect to the taxes under debate in this eight-point resolution the minister has offended that first canon of taxation, that there should be no discrimination, that taxation should be fair in its general incidence.

Another rule or canon of taxation I think the minister has woefully transgressed in this resolution is that when the cost of living is rising rapidly, when the full effects of inflation are bearing oppressively on most of the people, if there must be increased taxation the taxes imposed should not be such as to increase the inflationary pressures on the one hand or to take away from those upon whom these inflationary pressures are bearing most severely the limited means at their disposal to meet the soaring cost of living. In almost every respect this resolution concerning excise and sales taxes has offended in the most flagrant way that simple and obvious canon, though if ever there was a time when it should be observed it is in this year of inflation 1951.

What do we see? I have pointed out that in the sales tax, which applies to so many of the elementary necessities of life, the minister is imposing a 25 per cent increase. That is the most inflationary form of taxation being used as a fiscal weapon in the hands of the Minister of Finance today. Of all the taxes levied by the government the sales tax is the most inflationary; yet the minister has chosen to increase it by 25 per cent. All of a piece with that design is the increase to which I just referred, from 15 per cent to 25 per cent, in the excise tax on a list of commodities many of which could not by any stretch of the imagination be regarded as luxuries.

Then, in a third offence against the simple and obvious rule of fair play with respect to taxation in times like these, the minister has chosen to sweep into the category of articles subject to a 15 per cent excise tax a range of commodities including washing machines, refrigerators and other things. These are not only necessities for great numbers of people; actually they enable many families to conserve food and reduce food costs. They have helped many families reduce the domestic labour of the household, and have permitted more members of the family to engage in gainful employment at a time like this when an increase in the labour force is being

demanded from all sides. No one in touch with the realities of Canadian life could possibly justify increases in the taxes on such commodities as I have mentioned.

The suggestion has emanated from government benches during the course of this debate that the scrub board is good enough for people in times such as these.

Mr. Sinclair: Who said that?

Mr. Fleming: It has been mentioned by several hon. members in the course of the debate. If the parliamentary assistant will refresh his memory from *Hansard* he will see several references to the subject.

Mr. Sinclair: You said it came from the government benches.

Mr. Fleming: The proposal that commodities such as washing machines and so on should now be treated as luxuries and subjected to a 15 per cent tax, if it has any basis in reason or any thinking back of it, must have been prompted by the thought in the minds of hon. gentlemen opposite that the women in this country could do without those things because they are luxuries. If the government wants to split hairs on that they will have their opportunity. I do not think the people in this country will thank any government for suggesting that washing machines are not to be regarded as one of the household necessities of life in this country. Anyone who wants to advocate and approve the soaking of the housewife with a 15 per cent excise tax on a washing machine on top of a 25 per cent increase in the sales tax on the same commodity will have an opportunity during this debate to stand up and say that he gives his full assent to the shocking proposals that have emanated from the Minister of Finance.

Now, sir, the parliamentary assistant, in connection with the sales tax, and I think this form of reasoning might, if it has anything in it, apply to the excise tax as well, has sought to pass off the attack on this iniquitous increase in the sales tax by saying, "Oh, well, when people are in opposition they ask for a reduction in the sales tax, but when they get into the government they increase it." Since the last Conservative government in this country we have seen this government, in the election campaign in 1935 through the then leader of the opposition and the man who was shortly to become prime minister, denounce the sales tax as an iniquitous form of tax, then turn around as soon as it had power and increase the sales tax from six per cent to eight per cent. We are seeing the same mentality bearing further fruit now. But the parliamentary assistant in his remarks tonight missed something when he was talking about this and passing it off so lightly as being the sort of thing people object to when they are in opposition but support in increased form when they are in the government. He has overlooked the fact that two very eminent ministers of finance, when they were bearing responsibilities greater than those faced by the Minister of Finance today, in seeking revenues to meet the crisis of war deliberately refrained from increasing the sales tax. It was not a case of their being in opposition when they refused to increase the sales tax. They were in power and they deliberately rejected the temptation to increase the sales tax simply because of the ease with which it can be collected.

Mr. Ilsley, in April, 1941, a very dark time during the war, deliberately rejected any proposal for an increase in that tax, and he did so with these words:

> An increase in the sales tax has, I think, been fairly generally expected. At least, there are evidences of a good deal of buying in anticipation of such an increase. This tax, while comparatively easy of administration and collection and extremely productive, has marked defects as a fiscal instrument. After extended consideration, we decided on balance against any increase. In coming to this decision, we were not forgetful of the problems of agriculture, which would have been intensified had the sales tax been raised.

Those are the serious words of Mr. Ilsley in 1941. What would Mr. Ilsley have to say if he were in this house today, faced with the degree of inflation that exists in the country, with the degree of elasticity which has appeared to an increasing extent in the Canadian dollar, the shrivelling of that dollar in the face of mounting costs of the things the housewife has to buy? What would he have had to say about the temptation to increase the sales tax simply because it is productive and easy to collect? Certainly, Mr. Ilsley, faced with a responsibility in 1941 greater than that facing the present minister, rejected all attempts to increase the sales tax.

Then, in February, 1945, the same Mr. Ilsley again deliberately rejected an increase in the sales tax. He referred to the fact that many of these taxes which are imposed far back on the production process increase costs out of proportion to the contributions which they make to the revenue.

In 1940 Mr. Ralston said:

> We realize that increases in indirect taxes disguise the burdens imposed by the war but they are much more likely to distribute these burdens harshly and unfairly.

That is exactly what these proposed new taxes are going to do. They are going to distribute the burden of taxation harshly

and unfairly, and they are going to accelerate the inflationary process. They are going to violate every plain rule that common sense would dictate with respect to the raising of revenue at a time of high inflation.

Finally, sir, on this subject of drugs, I am sure the house will welcome the seventh section in this resolution, which proposes to exempt two drugs from the sales tax, cortisone and ACTH. But, as has been pointed out, why stop there? Why, when the unfairness of imposing a sales tax on these two drugs is recognized by the Minister of Finance, would he continue to impose a sales tax, yes an increased sales tax of twenty-five per cent on the other range of drugs to which sales tax now applies? It seems to me the minister has, by the introduction of this item in the first resolution with respect to excise tax, condemned that act in so far as it either continues the present sales tax or increases the sales tax on another very wide range of drugs. In speaking last week on this resolution the member for Greenwood drew attention to at least one other drug about which I also have received some representations, and about which I know the minister has received representations. It is a drug that is known as prostigmin, and it is a necessity in the treatment of myasthenia gravis. That is just one, and there are many others that leap to the mind of each one of us here. Why should the sales tax, an increased sales tax, be imposed upon drugs which have to be purchased in large quantities by people who are chronic sufferers from diseases for which these drugs are prescribed.

Mr. Chairman, if the Minister of Finance withdrew this entire resolution with respect to the Excise Tax Act except for No. 7, he would be doing his bare minimum duty in the face of the hardships that the balance of the resolution will impose upon the Canadian people. The whole resolution, except No. 7, is shot through with discrimination. It will operate most unfairly on those who are least able to bear these heavy increases in taxation. Mr. Chairman, I urge upon all members of the house that it is our duty to resist this resolution, with the exception of No. 7, to the utter limit and to see to it that sufficient opposition from all parts of the house is mustered against this iniquitous proposal for increasing these heavy impositions that the Minister of Finance will see fit to withdraw this resolution, with the exception of item No. 7.

Mr. Sinclair: I should like to answer this immediately. I, of course, feel that this last speech has gone very far from the purpose of being in committee on the resolutions. When the general budget speech is made, of course members can speak generally on the principles of the changes which have been announced. It has been my experience in the past that when we go into committee on the resolutions the purpose is to allow members to elicit more information about individual tax changes. Tonight we have heard for about the fourth time the full budget speech of the hon. member, mostly in generalities. He is better when he is indulging in generalities, as I shall show very quickly when I mention the two or three times in which he became specific.

Very early in his speech in connection with the candy tax, he said that we are taking off fifteen per cent excise tax then putting on two per cent sales tax, thus neutralizing the cut. I have a daughter eight years old, and even she knows that if you take fifteen off and put two back on, you are still thirteen to the good. Then he went on to make an even more amazing statement. He said there is still a special excise tax on sugar. As a Conservative, he would remember that there was an excise tax placed on sugar by R. B. Bennett. If there is one subject in recent years on which we have been hearing the hon. member speak at greater length than on this resolution, it is the famous radio budget of 1947. I was under the impression that the hon. member had either heard it or read it, but if he had he would certainly have remembered that on that occasion the Minister of Finance forecast the removal of the excise tax on sugar, which was confirmed the following session.

Then, he went on about discrimination. It was unfair to discriminate against any one industry by special taxation rates. Our whole tax structure since confederation has had varying rates of taxation against various industries. Today, for example, we have a 25 per cent tax on cosmetics. As I pointed out earlier, we have today, jointly with the provinces, an effective rate of about 300 per cent on liquor. Already this session the hon. member's party if not himself—I do not remember whether he was here or not—voted to make this discrimination much more violent, by voting for a motion to add another $125 million to that tax which would have tripled the present rate at least.

He went on at some length with regard to the fact that this whole resolution should be withdrawn, except for the tax relief given for certain drugs. I have listened to him. He wants the sales tax removed, the excise tax of 15 per cent removed, the excise tax of 25 per cent removed. He also wants the excise tax on cigarettes removed. In this house we have heard him urge much bigger personal income tax exemptions which, of course, would lessen our revenue. But I

have never heard him suggest that the corporation tax should be increased. I am confident that when we come to it, we shall also find that he is advocating a reduction in the corporation tax or perhaps the abolition of it. In other words, he is against every tax proposal we can make. I want to tell him just one thing. We are in this period of increased expenses because of our needs for defence; and defence costs money. It is not a torrent of words such as he has unleashed on us for the fourth time that will pay for our defence preparations. Those preparations need money, and this is the way the government of Canada has decided to raise the money required. These are the proposals which have been prepared to accomplish that purpose. No doubt the hon. member will give us the same speech he has just delivered when we have before us the excise tax bill, the income tax bill and the customs tariff bill. No doubt he will make part of the same speech when we get into the individual items of each of the bills. But inasmuch as he is so violently opposed to all these tax changes, I should like him somewhere, some place, to indicate where we can get this extra $400 million to pay for the increased defence costs we all support.

Mr. Thatcher: I do not like these commodity taxes in particular, and I am not altogether satisfied that there is not a feasible alternative in the capital gains tax. The minister dealt with that matter last Thursday evening, but I do not think he explained why that tax would not raise the necessary money we could get from these commodity taxes. It seems to me that a capital gains tax is a tax which would affect people who are making money through speculation—for instance, people who bought stocks a few years ago at $3 and $4 and who have sold them for from $50 to $75 to $100. It seems to me to be reasonable that they should have to pay some kind of a tax. It seems to me that about the only way in which any Canadian today can amass great wealth is by capital gains. I do not think any Canadian today can pay his taxes as he goes along and make a fortune, except through capital gains. I therefore respectfully suggest again that the minister or the parliamentary assistant might be well advised to tax this group of people rather than people who are starting out in life and who must buy these appliances.

One of the arguments that he will probably throw back at me in a minute is that if we tax capital gains we have to allow for losses: I do not see that that procedure necessarily would have to follow. If you had a modest tax on those capital gains, of say 10 per cent—and I admit that I do not know what revenue that would bring in—or 15 per cent, I do not see why losses have to come into it at all. If that argument does not make sense, I should be glad if the minister would tell me. But he does not have to be quite as sarcastic as he was with the hon. member for Eglinton a moment or so ago.

Mr. McCann: The hon. member wants soft treatment.

Mr. Sinclair: The hon. member's request for an expression of the government's attitude was couched in reasonable terms. He did not work himself into a passion. I shall therefore be glad to answer in the same reasonable way. The capital gains tax is of course now in use in the United States. Those administering it find it a very difficult tax to administer; they find it more difficult than the income tax. There is this point to be considered. Once you begin taxing capital gains, you must in turn allow a man to offset capital losses against capital gains. But I think the chief opposition to a capital gains tax in this country is the fact that here, where there is such a great need for development, especially in the pioneer parts of the country, we must give some incentive to the people to put their money into venture capital, in our mines, in our forests, in aluminum plants and things like that. As the hon. member pointed out, there is to be considered the rate of return which you can get back today, with the corporation tax and personal income tax as it is. There is the fact, for example, that the hon. member's leader has already spoken unfavourably on the fact that we are going to permit public utilities to make five per cent. Why should anybody venture capital if that is the best they can ever expect from risking their capital in some new brave enterprise in northern Ontario, in northern Quebec, in northern Saskatchewan or in British Columbia, when they can do better with no risk by putting that money in government bonds or in some safe established business? I think that in this country the fact that we have not had a capital gains tax has been one of the incentive factors which have been responsible—and I said one of the factors—for this large advent in Canada of United States capital which has been extremely helpful in building up this country in the post-war years.

Mr. Thatcher: But if the tax was 10 per cent or 15 per cent, I do not think it would discourage that development about which the parliamentary assistant speaks.

Mr. Sinclair: That is just an offhand suggestion by the hon. member.

Mr. Thatcher: That is correct.

Mr. Sinclair: The Americans felt that if the capital gains tax was to be worth while, it should be of the order of the tax they have, which is 25 per cent. But again, neither the British nor ourselves have ever felt that that was the proper way of making such a tax. If, as you say, some people venture boldly and in the end make considerable money as a reward—and for everyone who makes money, for example in the mines, as I know very well, there are a dozen who lose money—they create work and industry and associated development in this country; and if they make fortunes, we catch up with them eventually through succession duties.

Mr. Gibson: For the benefit of the hon. member for Moose Jaw, it seems to me that it should be pointed out to him that there has been a depreciation in the purchasing value of money. You might easily have put in $10 ten years ago and got $20 back now, but you would not be actually any further ahead. That is the way it seems to work out with nearly everybody.

While I am on my feet, and getting back to this sales tax itself, I wonder if the government gave any consideration to keeping the sales tax at the same eight per cent rate and removing some of the exemptions which they now allow? My own experience with the application of these exemptions which are allowed with regard to certain goods that are put into manufacturing plants for use directly in the manufacture of goods is that it has become a regular menagerie, as I am quite sure the Minister of National Revenue very well knows. There is neither rhyme nor reason with regard to the way the exemptions are applied. I do not think even the minister is always convinced as to whether an exemption should or should not apply. I am wondering just how much revenue could have been derived by the government by the application of the eight per cent sales tax o all goods that are produced in Canada, thus getting away from the anomalies and inequities that are now in effect in the application of the act. For instance, with regard to a logging truck that is brought in and which it is conceded is used directly in the manufacture or production of logs, they will concede that the horn on there that goes "peep, peep" is not subject to sales tax. They will concede that is part of the truck. But if you go ahead and put a radio telephone on the truck in order to expedite and facilitate the use of the truck, in order to get more trips per day and in order to produce logs more cheaply, the authorities say no, that the radio telephone you instal is subject to sales tax. All these things enter into the picture. I know the minister agrees with me in some ways on that matter.

Mr. Sinclair: I must confess that this is the first time I ever heard anybody in the logging industry suggest that the sales tax should go back on logging equipment.

Mr. Gibson: I did not suggest that.

Mr. Sinclair: As I understood him, the hon. member mentioned specifically just logging equipment.

Mr. Gibson: I just said on everything, not on logging equipment in particular.

Mr. Sinclair: You mentioned a logging truck.

Mr. Gibson: Yes. But I was pointing out an anomaly.

Mr. Sinclair: It was because he mentioned logging trucks. I can remember the representations which have been very strongly made by the logging industry in British Columbia, and by other primary industries, that the levelling of sales taxes at that level, on the actual equipment used in the manufacturing process, was inevitably passed on to the consumers, so that there was a real element of double taxation so far as the sales tax is concerned. I think that has been the prime reason behind the removal of the sales tax from machinery and engines used in manufacture and primary production.

To revert to the old system of taxation would in effect be an application of the sales tax twice; on the cost of manufacture and then on the cost of the manufactured product, unless those products were food, fuel or building materials.

Mr. Gibson: Has the parliamentary assistant any idea how much that would represent in revenue? I was wondering how much was exempt; it would be an interesting figure to have.

Mr. Sinclair: Certainly it is not a figure that I have here. If the Department of National Revenue can make an estimate before the bill comes to the house for second reading I will see that it is available.

Mr. Harkness: About an hour ago I brought up the matter of taxes on school busses and another matter. About three-quarters of an hour ago the parliamentary assistant gave an answer, and now I am back on the same subject. Probably in fifteen or twenty minutes, or something like that—it will be less than twenty minutes judging by the clock—I will get another answer to it. First of all, on a point of order I would like to bring up

the manner in which these questions are being dealt with. I think it would make for a much more orderly debate, and it would be a much better way to deal with the questions brought up by different members here, if each one was dealt with by the minister or the parliamentary assistant at the time it is brought up, instead of waiting until five or six people have talked on a melange of questions, and then deal with them and then these people get up at varying times extending over an hour and ask more questions. The result is we get a very haphazard and disordered method of dealing with these things, and people forget where they are. The result is the debate is a hit and miss one. I certainly think that we should go back to the system which has been followed up to the present time ever since I have been here, and have the minister or the parliamentary assistant, who is acting for him, answer each question as it is brought up, and as far as possible finishing with it and then get on to another subject. As it is now it is all mixed up in the debate, and it is all over *Hansard*, and everything else.

To come back to the matter which I brought up so long ago—

The Deputy Chairman: The hon. member said that his remarks were tantamount to a point of order. I should like to make clear that what he has suggested is not a matter for the chairman to decide. His suggestion, therefore, is made to the minister or to his representative. It is not a matter for the chairman to decide as to how, where and when a minister or his representative introducing a bill or defending a measure is to reply.

Mr. Harkness: If it is not a point for the chairman to decide, then so far as I am concerned I will insist on getting an answer; if I have to keep on asking questions and keep on standing on my feet or shouting or making a lot of noise, I will do it until I get the answer.

Mr. Sinclair: Two years ago I was rebuked by an opposition member for bobbing up and answering every question that was asked. I was told to wait until a series of questions was asked. I am entirely in the hands of hon. members.

Mr. Harkness: No.

Mr. Sinclair: I will mention the hon. member who asked me.

Mr. Gibson: Let us go back to clause 1.

Mr. Harkness: I think the parliamentary assistant is calling on his imagination in that regard, Mr. Chairman.

Mr. Sinclair: The hon. member for Macleod was the one who rebuked me for bobbing up and answering every question that was asked.

Mr. Harkness: If we have the matter straightened out, that is all that I am concerned with. I do not care what has happened in the past.

Mr. Knowles: That is one of the joys of being a parliamentary assistant.

Mr. Harkness: To return to the question of busses, the parliamentary assistant gave no reply to the representations which I made. All he said really was what I said myself, namely, that there are two kinds of school busses, those owned by school boards and those owned by individuals who operate them on a contract basis. He went on to say that there would be difficulty as a result because some of these busses or other vehicles are used in other types of business in addition to transporting children to and from school. The representation that was made by the Alberta school trustees association on this matter was that the tax be removed on busses or other vehicles used solely or exclusively for the purpose of transporting children to and from school; and therefore the matter of some vehicle which is used only partly for that purpose does not enter into the question, which was the only thing the parliamentary assistant had to say about it.

Furthermore, even if the parliamentary assistant thinks that there would be difficulty in removing the tax from vehicles which might be used by a contractor for some other purpose, surely there would be no difficulty in removing this tax on busses which are owned and operated by school boards. I should think that the tax on the busses or vehicles of that kind could at least be removed and should be removed. I should like some comments on that. I just did not get an answer; that is what it amounted to.

Mr. Sinclair: Mr. Chairman, as far as I can understand, the hon. member has not even asked a question now. He has given me his opinion on it, and I have said that our policy as to these busses is this. We have removed the excise tax on busses; we are continuing to tax busses.

Mr. Harkness: My question before, Mr. Chairman, and again is: Why has the government not removed the sales tax on these busses, or what reasons have they for not removing the sales tax on these busses used exclusively for the transportation of children to and from school, and thus by that means

relieving to some extent the burden on municipal districts so far as education is concerned?

Mr. Sinclair: Mr. Chairman, at times we seem to get so far from the primary purpose of this budget, which is to raise revenue to meet increased defence costs of the country and to maintain the public services in this country which we provided long before Korea.

Mr. Harkness: If that is the primary purpose of the budget, in the remarks which the parliamentary assistant made just a few moments ago in connection with logging machinery and so forth, he admitted that one of the purposes of the budget also was to take the tax off material used in industry, so that there would be no double taxes, in order to encourage industry. If there is any industry that should be encouraged it is the industry of education. This is one way in which we can encourage that industry. It is much more important to encourage it than to encourage the logging industry or any other industry. Once more I say that not only does the parliamentary assistant's answer fail to meet the argument, but it is not an answer.

The other matter that I brought up was in connection with gasoline trucks used exclusively in the production of coal. The only thing that the parliamentary assistant had to say about that was that diesel trucks used in this way are not subject to sales tax because they are big trucks, and they could not readily be used for any other purpose. Some of these gasoline-powered trucks used for that purpose are just as big as any of the diesel trucks, and I can really see no reason why the gasoline-powered truck should not be put in exactly the same position as the diesel truck. It is true that the diesel truck costs more money, but that is not a matter which should come into it. If we want to bring that argument into it, if the sales tax was put on the diesel truck the government would get more revenue out of it; but they have seen the reasonableness of taking the sales tax off those vehicles which are used exclusively in the production of coal, the purpose being to encourage the coal industry. There seems to be no reason whatever why the same course could not be followed with the gasoline-powered trucks as is followed with diesel trucks.

Mr. Herridge: I want to say a few words in support of what I thought was a very reasonable and intelligent proposal made by the hon. member for Moose Jaw, namely, that there is a place in our taxation system for a capital gains tax. The parliamentary assistant denies that, and says that to some extent it would discourage the people who want to invest venture capital. I can see some argument in that point of view, but many capital gains are made at the present time which are not the result of venture capital. For instance, what about sweepstakes, where a person may win a very large sum of money as a result of a sweepstake and pay no tax to this government on the winnings. The same applies to race track gambling.

Then there is another form of gambling. I have in mind particularly an instance in my own constituency of an American concern that has control over some thirty square miles of timber. During that whole period all they have paid is their timber limits tax to the provincial government. They prevented the development of the large area and refused to sell timber. At the same time local people who owned land had to pay taxes to build roads and schools and provide other facilities. This large American concern purchased the property for a song about forty-five years ago, and has arrested the development of a Canadian industry and a Canadian resource in that whole area. The result has been an increased price in lumber. Because of the great demand for lumber these people are in a position to sell timber contracts at five hundred times their original value. As a matter of fact they have been a blight on the Canadian economy ever since they became owners of the property.

I cannot see why people under those circumstances should not be required to pay capital gains tax to the government. And then I would mention one other point in connection with people who have purchased war assets. All of us know of people who have purchased war assets for a song from the government and are now able to resell those assets back to the government at an immense increase in price. Now, is that fixed capital doing anything to increase the production or improve the economy of the country? It is a straight gamble out of which they are reaping a great profit. I do suggest in all seriousness that here is a place where the capital gains tax should be applied so as to procure income, rather than to increase taxes on household necessities.

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

Mr. Sinclair: I should like to answer the hon. member by saying that the capital gains tax, after all, would not be regarded as an excise tax and so is not within this resolution. The hon. member might discuss that matter tomorrow. I will be away, but the

minister will continue these and the other two resolutions.

Mr. Herridge: I just offered it as an alternative.

Mr. Harkness: I should like to add a few brief words respecting the tax on artificial limbs and braces. There has been a good deal of talk about the iniquity of the general sales tax, and the taxes of 15 per cent and 25 per cent. If any sales tax could be described as iniquitous, and I think most people will agree there is a certain amount of iniquity in all of them, then certainly the sales tax on artificial limbs and braces is five times as iniquitous as any other sales tax. Why the minister continues to retain this sales tax on artificial limbs and braces, an absolute necessity for crippled people, is more than I can understand.

Mr. Abbott: They are exempt.

Mr. Sinclair: Artificial eyes, artificial limbs and parts thereof, are exempted under schedule III of the Excise Tax Act.

Mr. Harkness: Where is that?

Mr. Abbott: Schedule III; it has been exempt for years.

Mr. Harkness: If they are exempt, I should like to know about it. I looked through these, and could not see where they were.

Mr. Low: I believe the minister has been approached, or there has been communication with him in connection with adding to the list set out in paragraph 7 the drug known as vitamin E. What is the attitude of the department respecting this request? I understand that in recent months vitamin E has been used extensively in the treatment of certain types of heart ailments, and it has been used with considerable success.

Mr. McCann: Wheat germ is the cheapest one there is.

Mr. Low: Yes, it may be the cheapest. But this particular one is subject to sales tax, and the tax increases the price to a considerable extent. It puts it outside the reach of many patients.

Mr. McCann: Not at all. You can get all the vitamin E you want in wheat kernels.

Mr. Low: The doctors of the country—

Mr. Abbott: The minister is a doctor.

Mr. Low: —do not agree with that. Unfortunately, physicians prescribe it, and it runs into a good deal of money.

Mr. McCann: You must be acquainted with Dr. Shute.

Mr. Low: I am acquainted with a lot of other doctors who are prescribing vitamin E in a form which is more expensive than that mentioned by the Minister of National Revenue. I could agree with him; but the fact is we are not making that known to the people of Canada. The result is that they go out and pay exorbitant prices to physicians and druggists across the country. It seems to me that the request to repeal the sales tax on that form of treatment for heart ailment should be given favourable consideration.

Mr. Pouliot: What is the difference in price between vitamin E and vitamin B?

Mr. Low: I do not believe I am expert enough to say. There is, I believe, considerable difference. I have bought vitamin B in various forms, and I know pretty well what the price is. I cannot say anything about vitamin E; but the information I have comes from an association which has furnished us with a petition in which it appeals to the House of Commons to repeal the sales tax on vitamin E which is used so extensively in the treatment of heart ailments.

Mr. Pouliot: I shall tell the hon. member something about the circulars we receive from associations. One day I was urged by an association to make representations in the house. I sent them a copy of *Hansard* in which there was a speech of mine to the same effect. Then they apologized and published my speech—all of which shows that these associations know nothing whatsoever of what goes on in the house. It is precisely because we are not well informed by those people that I expected to get some illumination from the hon. member.

Mr. Coldwell: I am pleased to see these two drugs mentioned in the resolution. I agree that there are others which should be considered. I do not know the names of some of them, but I am familiar with one called B-Plex.

Mr. McCann: That is just a trade name.

Mr. Coldwell: It is prescribed by doctors, and it is very expensive. If patients take such drugs, the bills run up to $30 or $40 a month. It seems to me the list might be considerably lengthened. I should like it to be understood that I am not complaining; the inclusion of these two is a good start, but I should like to see others added. That is my plea to the minister.

Mr. Pouliot: The most exorbitant profit is made on gin, because it costs the producer about 15 or 20 cents and is sold at $5 a bottle.

Mr. Sinclair: I have answered the question as to drugs on two or three occasions already this evening. Drugs which are expensive and which have been shown to be of real value and are accepted and prescribed by the medical profession are considered each year by the department, with the advice of the Department of National Health and Welfare. The Minister of National Revenue is of course a doctor himself. This year we have added these two to our present list. If the use of the drugs mentioned by hon. members becomes widespread by the medical profession, and is recommended in prescriptions, the matter will be considered before the budget is prepared next year.

The Deputy Chairman: Shall the resolution carry?

Some hon. Members: Carried.

Some hon. Members: No.

Progress reported.

BUSINESS OF THE HOUSE

Mr. Harris (Grey-Bruce): Mr. Speaker, tomorrow we shall continue this debate, and if it is concluded we will continue with the legislation indicated last evening.

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

APPENDIX

LEASED BASES AGREEMENT

PERMANENT JOINT BOARD ON DEFENCE—RECOMMENDATION OF MARCH 28-30, 1950

The board decided to make the following recommendation:

Taxation

(a) That there be included in the proposed revised United States-Canadian double taxation convention, on a reciprocal basis, the exemption from Canadian income taxation (on income derived from outside Canada) of:

(1) U.S. service personnel serving in Canada,

(2) U.S. civilians employed by the U.S. government in Canada,

(3) The wives and minor children of (1) and (2).

(b) That, by an exchange of diplomatic notes, the provisions of article XVII of the leased bases agreement conferring the exemptions described in (a) above be cancelled as of the date of the coming into force of the proposed revised double taxation convention in a form justifying such cancellation.

(c) That the exemption from Canadian income taxation, under article XVII of the leased bases agreement, of the following categories be discontinued by an exchange of notes:

(1) U.S. contractors, or contractors ordinarily resident in the United States, in respect of their profits arising from work at the leased bases,

(2) U.S. civilians employed by contractors at the leased bases,

(3) The wives and minor children of (2).

(d) That the foregoing be without prejudice to the remaining taxation exemptions conferred by article XVII of the agreement.

Customs and Excise Exemptions

(a) That the customs and excise exemptions accorded to contractor-owned equipment under the terms of article XIV (1) (a) of the leased bases agreement be suspended by an exchange of notes;

(b) That it be agreed by exchange of notes that article XIV (1) (d) does not accord customs and/or excise exemptions in personal belongings and household effects of contractors and their U.S. employees (after first arrival) or customs and/or excise exemption on purchases in Canada, outside the leased areas, by U.S. military or civilian personnel, or their families;

(c) That the U.S. authorities continue to exercise every precaution to prevent abuse of the customs and excise privileges enjoyed under the leased bases agreement.

Post Offices

That it be agreed by exchange of notes that the U.S. military postal system in operation at the Newfoundland bases conform to the following stipulations:

(a) That they provide military postal services only for U.S. military agencies, U.S. military personnel, authorized U.S. civilians, and their dependents,

(b) That they dispatch mail only to the United States, its possessions and territories and its military postal installations,

(c) That geographical locations be not indicated by date stamp or cancellation stamp.

Jurisdiction

(a) That the government of the United States, through an exchange of diplomatic notes, agree to waive its rights of jurisdiction under the leased bases agreement over Canadian citizens, other British subjects, and alien civilians other than those subject to U.S. military law by reason of their accompanying or serving with the U.S. forces.

(b) (1) That the governments of the United States and of Canada, through an exchange of diplomatic notes, agree to suspend the exercise of their rights of jurisdiction under article IV of the leased bases agreement other than those waived by the U.S. government under (a) above, for a period of five years, and thereafter subject to six months' notification of termination, except that in the event of war or other emergency the suspension shall, on notification given by either government, cease to operate;

(2) That the Canadian government, as a condition precedent to the waiver and suspension of the exercise of rights under article IV and to the extension to Newfoundland of an amended Visiting Forces (United States of America) Act, give satisfactory assurances that the U.S. officials in Newfoundland will have a degree of jurisdiction comparable to that which they now in fact exercise. In this connection, the U.S. section would regard the proposed letter from the government of Canada to the government of Newfoundland, with a reply from the Newfoundland government that jurisdictional conditions would remain substantially as now exercised, as the basis for satisfactory assurances to be given by the Canadian government.

(c) That the Canadian government undertake to seek legislation to protect U.S. interests in security offences as envisaged by article V of the leased bases agreement.

(d) That the Canadian government seek amendment to the Visiting Forces (United States of America) Act to provide for the compulsory attendance of witnesses required by U.S. service courts.

(e) That either government should be free to raise through appropriate channels the matter of any difficulties arising out of the working of the foregoing jurisdictional arrangements.

HOUSE OF COMMONS

Wednesday, May 2, 1951

The house met at three o'clock.

MISCELLANEOUS PRIVATE BILLS

Sixth and seventh reports of standing committee on miscellaneous private bills.—Mr. Winkler.

MARITIME MARSHLANDS

FIRST ANNUAL REPORT OF ACTIVITIES UNDER REHABILITATION ACT

Right Hon. J. G. Gardiner (Minister of Agriculture): It gives me great pleasure to lay on the table the first annual report of activities under the Maritime Marshland Rehabilitation Act, and special provisions for emergency protection and reclamation of maritime dikelands, for the fiscal year ended March 31, 1950.

Mr. Black (Cumberland): May I ask the minister if these reports are being distributed to hon. members?

Mr. Gardiner: I will have them distributed as soon as enough copies can be made.

CANADA FORESTRY ACT

PROPOSED MEASURES OF CO-OPERATION WITH PROVINCIAL GOVERNMENTS

Hon. Robert H. Winters (Minister of Resources and Development): Mr. Speaker, hon. members may be interested to learn of certain steps the government proposes to take to co-operate with provincial governments under the Canada Forestry Act, 1949.

With certain exceptions, such as the Northwest Territories, the Yukon Territory, national parks, federal forest experimental stations and Indian lands, the responsibility for forest resources falls within the jurisdiction of provincial governments. However, forests do not stop at provincial boundaries. When dealing with the Canada Forestry Act, parliament recognized the national importance of our forest assets, and through this legislation enabled the federal government to help co-ordinate, where feasible, and otherwise assist the efforts of provincial governments and others in the field.

Accordingly, early last year I wrote to the appropriate ministers of all ten provincial governments, seeking their views and suggestions as to how we might co-operate under the terms of the new act so that the maximum long-term benefits might be derived from our valuable forest assets.

From subsequent conversations it seemed clear that all concerned were of the opinion that the goal must be sustained yield; that is, the rate of depletion—by cutting and by loss from fire and disease—must not exceed the rate of replacement by natural growth and reforestation. I believe it is the general view that federal government participation should be with the understanding that any assistance given would be used to further progress toward the goal of sustained yield.

Most provincial governments, and indeed many private operators, are working toward sustained yield. I have no doubt that in some instances it has been achieved. It may well be, however, that on a national basis annual depletion exceeds regeneration in such of our forest areas as are now accessible for practical exploitation. But in the absence of reliable and complete forest inventories, it has not been possible accurately to assess the true situation. It is most important, then, that a nation-wide forest inventory should be completed at an early date.

Another important step is to encourage greater efforts in reforestation. Many cut-over areas regenerate themselves naturally, but for others steps must be taken to start and stimulate new growth. Forest cover on these areas is necessary, not only for the development of forest products but in the interests of soil conservation, flood control, cover for wildlife, etc.

There are, of course, many other aspects of a successful forestry program. Protection from fire is one of the most important and expensive. By and large, provincial governments are placing on this phase of the problem the emphasis it merits. Research is also of major importance, and in this field the federal government is already carrying out a well-rounded program.

As hon. members know, the defence program must now take priority, both as regards efforts and funds. The government considers, however, that some steps are warranted at this time to stimulate progress toward sustained yield of this resource, which is vital to our economy, both in peace and in war.

Accordingly, I communicated with all provincial governments again recently and informed them that the federal government is prepared to share with them on a fifty-fifty basis the cost of completing their forest inventory. This assistance will apply for this fiscal year and succeeding years until the inventories are completed. It is expected that this can be done within five years.

Moreover, I informed the provincial governments that the federal government will contribute twenty-five per cent of the cost of reasonable programs of reforesting provincial crown lands, providing the amount expended each year by the provincial governments is not less than the average expenditure of the last three years.

Parliament will be requested to vote funds for this purpose in the supplementary estimates.

So that the details of the programs may be discussed, I have invited each provincial minister and/or his representative to come to Ottawa at an early date for a conference.

Mr. George A. Drew (Leader of the Opposition): Mr. Speaker, I am sure that all members will welcome the evidence offered by this statement by the minister of the measure of co-operation that is being established in the conservation of our forest resources. The protection of the forests is something which is particularly suitable for effective co-operation across provincial boundaries. As the minister has emphasized, fire is one of the great dangers. Actually there is greater wastage from fire than from cutting in a year when fires reach any substantial proportion.

In view of the fact that the dominion government is now undertaking to carry out such extensive plans for the supervision of the forests in co-operation with the provinces, I would again make a suggestion which I made on an earlier occasion. In the United States they are meeting with great success in tackling certain types of forest fires by dropping highly trained fire fighters by parachute from aeroplanes. These paratroopers—or, shall I say parafirefighters—have been successful in extinguishing many fires in remote hillside and mountain areas that otherwise could not have been stopped until they reached major proportions.

A large measure of success has been achieved also in fighting incipient fires in remote areas by the use of chemical bombs dropped from helicopters. At a time when air training is being extended as part of our general defence program, part of the training might be devoted to activities of this kind, for the purposes both of defence and of fire protection.

I make this suggestion again, in all earnestness, because a substantial amount of success has been achieved in other jurisdictions in fighting fires by these methods.

Mr. J. L. Gibson (Comox-Alberni): May I suggest to the minister that when these provincial representatives come to Ottawa he try to make arrangements with the Department of Finance and the Department of National Revenue for a discussion of some of the aspects of the problems that are connected with investment in growing timber. In Canada, as I am sure the minister appreciates, one of the great difficulties has been in inducing private capital to invest money in the planting of trees that will not be used for the next hundred years. Some consideration must be given by the Department of Finance to making it attractive to make such an investment, and I suggest that the minister have that subject on the agenda as well as the other matters. I understand he has a special committee set up which is studying the problem now.

Mr. M. J. Coldwell (Rosetown-Biggar): Mr. Speaker, one is often called upon to criticize government policies from this side of the house, but I believe this is one occasion upon which one can commend the government for the statement just made by the minister. There is nothing more important than the conservation of our natural resources. The manner in which our forests have been denuded and wastefully used in the past is something for which future generations may suffer. This is a policy which should conserve the great forest resources of Canada. Some of the provincial governments are already worried about the manner in which our forest resources are being used up, and, speaking for myself and I am sure those who are with me, the government is to be commended for the policy which is foreshadowed by the minister's announcement to the house.

SALES TAX

BUDGET PROVISIONS—REFERENCE TO REMARKS IN DEBATE ON MAY 1

Mr. J. W. Murphy (Lambton West): I wonder if I am in order, Mr. Speaker, and if I am not I know you will call my attention to it. On page 2599 of *Hansard* of May 1 the Minister of National Revenue (Mr. McCann) said:

> You must be acquainted with Dr. Shute.

Perhaps the minister could tell us to whom he was referring, and at the same time, explain the reference.

Hon. J. J. McCann (Minister of National Revenue): In order not to take up the time of the house now, I shall make a statement later.

QUESTIONS

(Questions answered orally are indicated by an asterisk.)

ST. CHARLES DE CAPLAN, QUE., WHARF

Mr. Courtemanche:

What was the quantity of lumber and stone purchased in connection with the repairs to the wharf of St. Charles de Caplan, county of Bonaventure, Quebec, during the year 1950?

Mr. Fournier (Hull): (a) 29,761 f.b.m., and 6,945 linear feet of lumber; (b) 175½ yards of stone.

MOTOR VEHICLES—GOVERNMENT PURCHASES IN NOVA SCOTIA

Mr. Stanfield:

1. How many (a) automobiles; (b) motor trucks, have been purchased by each department of government from vendors or dealers in Nova Scotia in each of the years 1949, 1950, inclusive, and in 1951 to date?

2. What was (a) the date of purchase of each of such motor vehicles; (b) the kind and type; (c) the price paid for each; (d) the name of the dealer and vendor, and place of business?

3. Were any purchases of motor vehicles made in Nova Scotia by any department of government for any employee or civil servant on terms requiring the latter to pay the same by instalment payments?

4. If so, how many, and for whom were such purchases made?

Mr. Bradley: The information requested in this question was supplied in the return tabled on April 19 last. Under the circumstances I suggest that the question be dropped.

Mr. Stanfield: I secured the information from an answer to another question, and I ask that the question be dropped.

Mr. Speaker: Question dropped.

LOANS UNDER NATIONAL HOUSING ACT

Mr. Thatcher:

1. How many loans have been approved for house construction in Canada since January 1, 1951, under the National Housing Act?

2. How many were made in the same period last year?

Mr. Winters:

1. 5,764 loans for 7,649 housing units have been approved under the National Housing Act, 1944, during the period January 1, 1951 to March 31, 1951.

2. 5,871 loans for 7,493 housing units were approved under the National Housing Act, 1944, in the same period of 1950.

SAGUENAY RIVER—BUOYS

Mr. Gagnon:

1. Who is in charge of placing and removing of buoys in the Saguenay river?

2. What amount is paid for this work, and what is the term of the contract?

Mr. Benidickson:

1. Mr. G. H. Lavoie.

2. $2,100 per annum; three years from 2nd July, 1950.

DEPARTMENT OF VETERANS AFFAIRS—HISTORY OR SYMPOSIUM

Mr. Diefenbaker:

1. Has anyone been engaged to write a history or symposium on the D.V.A.?

2. If so, who, and what staff is assisting in the task?

Mr. Mutch:

1. Yes.

2. Walter S. Woods, Esq., C.M.G., LL.D., of Vancouver, B.C., formerly deputy minister of veterans affairs. Some stenographic assistance is provided by the staff of the district office of D.V.A. at Vancouver; nobody has been specially engaged for the purpose.

IMMIGRATION—PROVINCE OF QUEBEC

Mr. Courtemanche:

1. How many employees of British, Jewish and French-Canadian origin are there in the department of immigration?

2. What respective positions do they hold?

3. How many immigrants, by nationality, entered the province of Quebec in 1950?

4. Is there a special committee in Quebec to attend to French and Catholic immigrants?

5. What functions are performed by the Ottawa and Quebec governments regarding immigrants?

Mr. Harris (Grey-Bruce):

1. Of immigration branch employees—

(a) 862 are native-born Canadians who gave their racial origin as English, Irish, Scotch or Welsh;

(b) 189 are Canadian citizens born outside Canada who gave their racial origin as English, Irish, Scotch or Welsh;

(c) 52 are not Canadian citizens, but were born in the commonwealth and gave their racial origin as English, Irish, Scotch or Welsh, of whom 46 are locally employed outside Canada;

(d) 282 are native-born Canadians who gave their racial origin as French;

(e) One is a Canadian citizen born in the United Kingdom who gave his racial origin as French;

(f) Five are Canadian citizens born outside Canada and the commonwealth who gave their racial origin as French;

Questions

(g) Eleven are not Canadian citizens who gave their racial origin as French, and are locally employed outside Canada;

(h) Six gave their racial origin as Jewish, of whom five are Canadian citizens—four native-born—employed in Canada. The sixth is employed locally, outside Canada.

2.

	a	b	c	d	e	f	g	h
Administrative Officer, grade 1 ..	4	...	...	...	...	...	...	...
grade 2 ..	1	...	...	...	...	...	...	...
grade 3 ..	6	1	...	1	...	...	...	...
grade 5 ..	1	...	...	2	...	...	...	...
grade 6 ..	1	...	...	1	...	...	...	...
grade 7 ..	...	1	...	...	...	...	...	...
Director of immigration	1	...	...	...	...	...	...	...
Assistant commissioner	...	1	...	...	...	...	...	...
Junior administrative assistant ..	2	...	...	...	...	...	...	...
Assistant superintendent European emigration	...	1	...	...	...	...	...	...
Special immigration officer	1	...	...	...	...	...	...	...
Chief, inspection and training division	1	...	...	...	...	...	...	...
Superintendent of settlement	1	...	...	...	...	...	...	...
District superintendent of immigration	2	1	...	...	...	...	...	...
Assistant district superintendent ..	5	...	...	...	...	...	...	...
District immigration inspector	3	2	...	1	...	...	...	...
Immigration investigating officer .	4	3	...	2	...	...	...	...
" shift supervisor	15	9	...	1	...	1	...	1
Supervising immigration inspector, grade 1	22	11	...	2	...	...	...	...
grade 2	7	4	...	2	...	...	...	...
grade 3	6	1	...	1	...	...	...	...
grade 4	2	2	...	4	...	...	...	...
Superintendent of Canadian immigration, Hong Kong	...	1	...	...	...	...	...	...
Immigration inspector, grade 1 ..	302	43	...	83	...	1	...	...
grade 2	86	34	...	12	...	1	...	...
Chief supervisor, immigration branch	...	...	...	1	...	...	...	...
Woman officer	2	...	...	...	...	...	...	...
Secretary to executive	1	1	...	...	...	...	...	...
Senior immigration inspector	4	2	...	3	...	...	...	...
Telephone operator	1	...	...	1	...	...	...	...
Clerical	176	26	21	78	...	1	5	1
Stenographers	108	12	25	29	1	...	3	...
Typists	38	...	5	23	...	...	3	4
Guards and deportation officers ..	31	25	...	12	...	1	...	...
Maintenance and kitchen	28	8	1	23	...	...	...	...
	862	189	52	282	1	5	11	6
				1,408				

Questions

3. Immigration to the Province of Quebec, by Nationalities, for the Calendar Year 1950.

Albanian	6
Austrian	91
Belgian	226
British	1,842
Bulgarian	8
Chinese	136
Czechoslovakian	613
Danish	72
Dutch	491
Estonian	455
Finnish	30
French	868
German	191
Greek	106
Hungarian	573
Irish Republican	58
Israelite	52
Italian	2,697
Latvian	388
Lithuanian	251
Mexican	1
Norwegian	17
Polish	2,045
Portuguese	5
Roumanian	284
Russian	155
South American	29
Spanish	11
Swedish	38
Swiss	157
Syrian	36
Turkish	3
Ukrainian	12
U.S.A. citizens	1,287
West Indian (not British)	8
Yugoslavian	302
Others	31
Totals	13,575

4. The Department of Citizenship and Immigration has no committee to serve any particular class of immigrant. It does, however, operate a settlement service in Quebec, and elsewhere, for the reception and assistance of all immigrants. There is a non-departmental committee of the type referred to at Quebec.

5. The Canadian government maintains complete facilities at many points abroad for the medical and civil examinations of prospective immigrants and for the granting of visas. Facilities are also maintained at ports of entry in Canada for the inspection of immigrants, and for the provision of food, shelter, and hospital care in emergency cases. Field staffs, in close co-operation with Canadian employers, arrange for the placement of immigrants in employment, and assist immigrants desirous of establishing themselves in their own enterprises.

Information as to the functions of the Quebec government in the matter of immigration might be obtained from that government.

WHEAT—MOVEMENT TO AND FROM FORT WILLIAM AND CHURCHILL

Mr. Ross (Souris):

1. How many bushels of wheat of the 1950 crop have been transported to (a) Fort William; (b) Churchill, as of April 1, 1951?
2. How many bushels of this wheat are of the various grades?
3. How many bushels of damp wheat of this crop have been dried at (a) Fort William; (b) Churchill?
4. How many bushels of wheat of the 1950 crop have been exported from (a) Fort William; (b) Churchill?
5. What is the estimate of quantity of wheat now in the country elevators for movement to either Fort William or Churchill?
6. What quantity is held on farms for delivery?

Mr. McIlraith:

1. Wheat receipts, August 1, 1950 to March 31, 1951, inclusive: (a) Fort William-Port Arthur, 99,583,961 bushels; (b) Churchill, 4,784,227 bushels.

2. Wheat receipts by grades, August 1, 1950, to March 31, 1951, inclusive:

(a) Fort William-Port Arthur

Wheat (other than durum)	Bushels
1 hard	—
1 northern	3,766,414
2 northern	13,596,046
3 northern	9,618,722
4 northern	10,683,117
No. 4 special	14,079
No. 5	11,323,039
No. 6	7,851,024
Feed	1,826,692
1 C.W. garnet	5,806
2 C.W. garnet	141,643
3 C.W. garnet	204,758
Tough contract grades	11,516,309
Other tough and damp	17,149,088
Mixed wheat	139,636
Winter	374,615
All others	775,882
Total	88,986,870
Durum wheat	
1 C.W. amber durum	31,350
2 C.W. amber durum	463,223
3 C.W. amber durum	2,846,816
4 C.W. amber durum	1,196,835
Tough durum	2,995,451
Others	3,063,416
Total	10,597,091
Grand total—all wheat	99,583,961

Questions

(b) Churchill

Wheat (other than durum)	Bushels
1 hard	—
1 northern	968,122
2 northern	2,976,614
3 northern	528,292
4 northern	105,319
No. 4 special	—
No. 5	6,656
No. 6	1,496
Feed	—
1 C.W. garnet	—
2 C.W. garnet	—
3 C.W. garnet	—
Tough contract grades	165,218
Other tough and damp	19,789
Mixed wheat	—
Winter	—
All others	12,721
Total	4,784,227

Durum wheat—nil.

3. Number of bushels of tough and damp wheat dried from August 1, 1950 to March 31, 1951, inclusive: (a) Fort William-Port Arthur, 13,672,623 bushels; (b) Churchill, nil.

4. All wheat shipments from August 1, 1950, to March 31, 1951, inclusive: (a) Fort William-Port Arthur, 78,243,958 bushels; (b) Churchill, 6,767,743 bushels.

5. Estimated number of bushels of wheat in store country elevators for movement to Fort William-Port Arthur, Churchill and interior points, as at April 12, 1951: 74,260,730 bushels.

6. Estimate of wheat on farms as at March 31, 1951, for delivery, farm use, or carry-over on farms was:

	(millions of bushels)
Manitoba	17·0
Saskatchewan	100·0
Alberta	35·0
Total prairie provinces	152·0

FORT MCMURRAY BITUMINOUS SANDS—SULPHUR CONTENT

Mr. Dechene:

1. Has the federal government carried out any investigation with a view to ascertaining the sulphur content in the bituminous sands deposits in the Fort McMurray area?

2. If so, with what result?

3. Are any steps being taken by the federal government to develop this sulphur?

4. Has the government of Alberta made any representations to the federal government with a view to promoting this valuable development?

Mr. Prudham:

1. Yes.

[Mr. McIlraith.]

2. The bitumen in the bituminous sands has a sulphur content averaging about five per cent.

3. Not directly, but current laboratory research work on refining of the bitumen indicates the possibility that by-product sulphur recovery might result from commercial development.

4. No.

ST. LAWRENCE WATERWAY

QUESTION AS TO ACTION JOINTLY WITH UNITED STATES OR BY CANADA ALONE

On the orders of the day:

Mr. Gordon Graydon (Peel): I should like to ask the Prime Minister a question. It is one which I had intended asking earlier this week, but a news item of this morning prompts me to think that perhaps this is an appropriate time to ask it. Will the Prime Minister indicate to the house, on the basis of the information the government has in its possession, what he thinks the chances are of some joint undertaking with respect to the St. Lawrence deep waterway? If that is not going to be possible, will he indicate whether the government has made up its mind to go ahead on its own with this desirable project?

Right Hon. L. S. St. Laurent (Prime Minister): Mr. Speaker, the government is not in a position to make any accurate forecast at this time about the prospects of an early start internationally on the development of the St. Lawrence; but it has not yet given up hope that it may be an international undertaking and has therefore not yet determined any alternative policy.

INDIA

FOOD SITUATION—INQUIRY AS TO GIFT OF FOOD OR MONEY BY CANADA

On the orders of the day:

Mr. H. R. Argue (Assiniboia): I should like to direct a question to the Prime Minister, based on a reported speech of Prime Minister Nehru of India dealing with the famine situation. In view of the urgency of the situation, and the reported willingness of China and Russia to supply food to India, will the government of Canada consider making an immediate outright gift of food, or dollars with which to buy food, in order to assist in alleviating this situation?

Right Hon. L. S. St. Laurent (Prime Minister): The hon. member was kind enough to send me notice of his intention to ask this question, and thereby enabled me to check just a few moments ago with the Secretary of

State for External Affairs (Mr. Pearson), as I have been doing almost daily in respect of this problem. The government has been and is making use of every available means of securing accurate information about the food situation in India, but it is not yet in a position to make any announcement to the house.

HOUSING

QUESTION AS TO LOANS UNDER NATIONAL HOUSING ACT

On the orders of the day:

Mr. David A. Croll (Spadina): I wish to direct a question to the Minister of Resources and Development, and I am sorry that I was not able to give him sufficient notice of it. Is it true, as reported in the press, that the withdrawal of lending institutions from joint loans under the National Housing Act will make the act inoperative? If that is so, this would be a serious blow to low-income housing in Canada. Will measures be taken to enable the act to continue to be effective?

Hon. Robert H. Winters (Minister of Resources and Development): Mr. Speaker, under parts I and II of the National Housing Act, the Central Mortgage and Housing Corporation is enabled to enter into arrangements with approved lending institutions to make joint loans to assist in the construction of housing for home ownership or for rental. If lending institutions do not participate in these joint arrangements, the act will become inoperative in so far as parts I and II are concerned.

With respect to the second part of the question, I can only repeat what I have said previously, namely, that the whole matter of housing is under active consideration by the government and any decisions reached will be announced to the house in due course.

FRASERVIEW PROJECT—REPRESENTATIONS OF VANCOUVER HOUSING ASSOCIATION

On the orders of the day:

Hon. Robert H. Winters (Minister of Resources and Development): Mr. Speaker, yesterday the hon. member for Vancouver East (Mr. MacInnis) asked me if I had received a communication from the Vancouver housing association urging consideration of the Fraserview veterans housing project. The answer is that I have received a communication and that it was answered on April 28. In dealing with a question of much the same nature previously, I gave a full answer on Monday, April 9. It can be found at page 1728 of *Hansard*.

Inquiries of the Ministry

INTERPROVINCIAL BRIDGES

CAMPBELLTON, N.B.-CROSS POINT, QUE.—QUESTION AS TO FEDERAL RESPONSIBILITY

On the orders of the day:

Mr. A. J. Brooks (Royal): I wish to ask a question of the Minister of Public Works. I sent him notice of it shortly before I came into the house; I am sorry I could not give him more notice. My question is based on a report published in the *Telegraph-Journal* of Saint John of May 1 with regard to the construction of an interprovincial bridge between Campbellton, New Brunswick, and Cross Point, Quebec. The report states:

McNair contends Ottawa passing buck—

Some hon. Members: Order.

Mr. Speaker: Probably the hon. member can ask his question without reading the report.

Mr. Brooks: The premier of New Brunswick states that this is entirely a responsibility of the federal government, not a provincial responsibility. My question is this. Is premier McNair correct in saying that the construction of this bridge is entirely the responsibility of the federal government, and if so, has the federal government taken steps to begin the construction of this bridge?

Hon. Alphonse Fournier (Minister of Public Works): Mr. Speaker, I received notice of this question just before coming into the house, and I wish to thank the hon. gentleman. I have not read that report in the *Telegraph-Journal* of May 1. I hesitate to believe that the premier of New Brunswick would have used the language that is attributed to him in this article, because he is extremely distinguished in his way of explaining a situation.

In the second place, I must take the hon. gentleman's word that this was said, namely, that the federal government was fully responsible or entirely responsible for the construction of interprovincial bridges. I would not be positive or dogmatic about it. I have not consulted the Department of Justice. On the other hand I know from experience that in the past interprovincial bridges have been built with the co-operation of the provinces. Actually, there is under consideration a project on the Ottawa river at Pembroke. Negotiations are going on between the province of Quebec and the province of Ontario. We hope that some day we shall have this joint bridge put up by the people of the two provinces and the federal authority.

As to the Campbellton and Cross Point bridge, the federal government is well disposed. As to the responsibility, I should like to take more time to look into the matter.

Inquiries of the Ministry

Mr. Brooks: I might say that if I could have got the page boy to move a little more quickly, I would have had the copy of the newspaper over to the minister some time ago.

Mr. Fournier (Hull): I will have plenty of time to read it.

FUEL OIL

INQUIRY AS TO SUPPLY DURING COMING FALL AND WINTER

On the orders of the day:

Mr. G. K. Fraser (Peterborough West): I should like to direct a question to the Minister of Trade and Commerce. Owing to the fact that thousands of Canadians have installed or contemplate installing within the next few months oil stoves or furnaces, can the minister state whether he feels that fuel oil will be in sufficient supply this fall and in the winter of 1952 to take care of the old and new installations?

Right Hon. C. D. Howe (Minister of Trade and Commerce): I know of no situation at this moment that would indicate a shortage of fuel oil for next winter. However, next winter is some months away, and circumstances could intervene. Accordingly, I should not like to have the above statement regarded as a commitment that there will be fuel oil. It has been the desire of the oil companies to instal a pipe line from Montreal to Ottawa and Toronto, and another pipe line from Sarnia to Toronto for the distribution of white products, as they are called; but that has not been possible on account of the shortage of steel. Whether distribution problems will interfere with the local supply situation next winter is uncertain. I expect that there will be sufficient fuel oil in the country, and I am hopeful that it will be properly distributed so that no one will suffer.

CIVIL DEFENCE

REQUEST FOR REPORT ON RECENT CONFERENCE AND STATEMENT ON GOVERNMENT POLICY

On the orders of the day:

Mr. Gordon Graydon (Peel): I should like to direct a question to the Minister of National Health and Welfare. I did not send him notice of it because I know that he can always answer these questions without notice. In view of the fact that he has returned today from attendance at a conference between Canada and the United States with respect to civil defence matters, when will the house have the privilege of hearing his report as to the results of that conference and a statement of government policy on civil defence in Canada generally?

[Mr. Fournier (Hull).]

Hon. Paul Martin (Minister of National Health and Welfare): As my hon. friend likely knows, the estimate providing for civil defence is under the distribution of items in the name of the Minister of National Defence (Mr. Claxton), the transfer of responsibility having taken place after the estimates were arrived at. When the Minister of National Defence brings his estimates to the house I may have an opportunity to say something on the matter.

NEWFOUNDLAND

LEASED BASES AGREEMENT—RECOMMENDATION OF PERMANENT JOINT BOARD ON DEFENCE

On the orders of the day:

Mr. G. F. Higgins (St. John's East): Arising out of the Prime Minister's statement of yesterday on United States bases in Newfoundland, may I ask the Prime Minister when I may have an answer to some of the questions I asked, and will there be an opportunity for further discussion?

Right Hon. L. S. St. Laurent (Prime Minister): I would not undertake to answer all the questions the hon. member asked yesterday, but there will be ample opportunity to discuss the matters he has in mind.

WAYS AND MEANS

Hon. Douglas Abbott (Minister of Finance) moved that the house go into committee of ways and means.

HOTEL AND WATER TRANSPORT WORKERS—AMENDMENT, MR. KNOWLES

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, before Your Honour leaves the chair on this motion to go into committee of ways and means there is a matter which I should like to bring to the attention of the government. It is a situation which has been brought to their attention outside of this house a number of times, but I refer in particular to the occasion on which the Canadian Congress of Labour waited on the government, on April 11, and submitted their memorandum on matters of concern to organized labour. Included in the brief they presented was a section dealing with the manner in which the railway strike of last fall was settled. More particularly, the point raised by the delegation representing the Canadian Congress of Labour related to the failure of the arbitrator to give to the hotel and water transport workers the same terms that were accorded to the railway employees involved in last fall's dispute.

May I read two or three sentences from the representations made to the government just a short while ago—as I have already said, on

April 11—by the Canadian Congress of Labour. Discussing this matter the congress brief says:

> The impression given by the Prime Minister in the House of Commons debate on the railway strike was that all employees would be treated on an equal basis. No other impression could be taken from the remarks made by the Prime Minister with respect to this vital issue, and it was accepted in good faith by the employees.

Later, after referring to the difference in the award as between railway employees on the one hand and hotel and water transport workers on the other, the congress in its brief went on to say:

> In spite of the fact that the government appears to take the position that nothing further can be done in this matter, the railway employees feel that the legislation passed by parliament did not give them the protection which they were led to believe it provided. There has been a distinct loss of morale in the railway service, and the congress urges in the strongest possible manner that the government take whatever action may be necessary to remedy what the railway employees believe was a discriminatory decision on the part of the arbitrator.

Now, Mr. Speaker, it so happens that there is nothing in the legislative program before parliament at this session that relates to this matter. There are no items in the estimates that deal with it, and this is in fact one of the very first opportunities that I have had to raise this question in such a manner as to get from the government the consideration that I believe it deserves. I wish to point out that I raise the question because I believe the good name of this parliament is at stake.

Last fall when we met here in a special session to deal with two main matters, one of them being the railway dispute, we had presented to us a bill known as the Maintenance of Railway Operation Act. That bill had a preamble which, amongst other things, said:

> Whereas the operation of railways and subsidiary services serving the country as a whole has been suspended by reason of a failure of the railway companies and the bargaining agents of non-operating and certain other employees of the companies to reach agreement as to certain terms and conditions of employment . . .

Then later on these words:

> And whereas the railway companies and the bargaining agents of the employees appear to have agreed that existing wage rates should be increased, and the forty-hour week introduced but appear to have been unable to agree as to the amount and effective date of the wage increase or the date at which the forty-hour week would be effective and the terms and conditions upon which it would be introduced . . .

The preamble continues, and eventually as one reads he gets down to the operative sections of the act. The reason I read these two paragraphs from the preamble was to point out that they referred collectively to the whole group of employees who were out on strike. Not only did these two paragraphs refer collectively to all the employees who were out on strike, but they referred to them as being employees of the railway companies and of their subsidiary services. In other words, some of us in this house, and certainly the employees, thought that that bill, on the basis of its preamble, was designed to treat all employees who were involved in that dispute on precisely the same basis, whether they were railway employees or employees of subsidiary services.

When we got to discussion of the clauses of the bill we reached a clause which I felt had a bearing on this matter, and as a matter of fact I had my doubts as to whether the operative provisions of the bill were clearly enough drawn to make sure that the hotel and water transport workers would get as of right the same treatment that was to be accorded to the railway employees. I asked questions along that line, as recorded at pages 71 and 72 of *Hansard* of August 30, 1950. At this point may I say in fairness to the Prime Minister that he gave an answer which seemed to me to indicate that I was right, namely, that the bill did not give a guarantee that all employees would be treated in the same way. Well, there was not much satisfaction in being right on the point, because I wanted the bill to be worded so as to guarantee that hotel and water transport workers would be treated in the same manner as the railway employees. So I pressed for the section to be properly drawn, and other members, particularly from this group, supported me in that effort. I find that the hon. member for Vancouver East (Mr. MacInnis) and the hon. member for Rosetown-Biggar (Mr. Coldwell) pursued the matter, and eventually got a statement from the Prime Minister which certainly was different in tone from the one he had given me, and which seemed to be more satisfactory to the members of this house; indeed it seemed satisfactory to the railway employees affected.

At page 74 of *Hansard* the hon. member for Rosetown-Biggar set the stage for what the Prime Minister had to say in answer to him. The hon. member for Rosetown-Biggar said:

> There is a certain amount of loyalty among these union members who have been working together through their groups. They would have felt, I am sure, that to accept for themselves an agreement which separated in any way the smaller group of workers would have been disloyalty to that group. The government would be well advised to consider this small group of people as coming under any of the decisions that are beneficial to the larger unions.
>
> I have heard it said that the railway management considered throughout that after all this was a minor matter. In fact on one occasion I heard it described as peanuts. If for the sake of a small

part of the negotiating unions we fail to do what is justice to them, and give the larger unions the feeling that this group which has relied on them has been discriminated against, I think it will tend to create bad public relations and bad union relations in the future.

I wish now to quote what the Prime Minister (Mr. St. Laurent) said immediately after these observations of the hon. member for Rosetown-Biggar. The Prime Minister is reported on page 75 of *Hansard* for August 30, 1950, in these words:

> They are not being discriminated against in any way. The government, in the bill which is recommended to parliament, has treated them in the same way as the other unions, namely, as one unit; and everything that binds the arbitrator with respect to any one binds him as much with respect to those two small groups as it does to the others.

This is a long paragraph, so I do not need to read it all. But I draw your attention to another statement by the Prime Minister which he made later, immediately after an interjection of mine. These are his words:

> I would not like to discuss these details, but in the recommendation we made to parliament and in the bill itself we have attempted to treat as one unit all those involved in this dispute.

Later on he says:

> We have endeavoured to treat the whole group who are out, those who have withdrawn from work, as one unit; and our reason for doing so is that we thought it would be unfortunate to ask by legislation that any portion of them should do something which they would regard as disloyal to their comrades.

As was pointed out in the brief presented by the Canadian Congress of Labour on April 11, those words of the Prime Minister were taken in good faith by the employees. They thought that made clear the meaning and the intention of the bill. They thought that the Prime Minister's words were in keeping with the terms of the preamble, particularly the two paragraphs I quoted a while ago. They thought that all the employees on strike, both the railway workers and the hotel and water transport workers, would be treated as one unit; they thought that whatever award was made by the arbitrator under the act would apply equally to the railway employees and to the hotel and water transport workers.

In due course an arbitrator, in the person of Mr. Justice Kellock of the Supreme Court of Canada, was appointed. I must say that on other occasions I have quoted from that report in laudatory terms. In particular I feel Mr. Justice Kellock is to be commended for the way in which he treated the railway employees, giving them the highest increase the act permitted, and giving them, as he did, the forty-hour week at the earliest date the act permitted. His reasons for those two decisions are clearly stated in his award, and I need not take time to go into that matter now.

But with respect to the question as to what to do with the hotel and water transport workers, Mr. Justice Kellock took a different view from the one indicated in the words of the Prime Minister, as I have just quoted. At page 8 of the mimeographed copy of Mr. Justice Kellock's award I find these words—and he is speaking at this point about the position of the hotel and water transport workers:

> On behalf of the union it is contended that the effect of the statute has been to equate the hotel and water transport employees with the other employees here in question, so that if there is to be an adjustment in wages or hours as to the latter group, the same must apply to all. In support of this contention reference is made to certain expressions in the preamble of the statute—

—which I have just read.

Then Mr. Justice Kellock says:

> I was also referred to the discussion in parliament when the bill was under consideration.

I have just referred to that same discussion, which was brought to the attention of Mr. Justice Kellock by the representatives of the employees. Then he goes on to say:

> In my opinion the language in subsection 3 of section 5—

He is referring to the Maintenance of Railway Operation Act.

> —is clear and mandatory. The arbitrator is to decide any particular matter "within the limits of the proposals that he determines were made by the railway companies and the unions in respect of that matter" at the time pointed out by the statute. Accordingly, even if there can be said to be any ambiguity in the preamble, which I do not suggest, the operative provisions must govern.

Well, I am not a lawyer, and sometimes I join in the cracks made about lawyers; but I must confess I think Mr. Justice Kellock is following good legal practice in that interpretation of the statute. We all know it to be perfectly true, that it is the operative provisions of a statute which must govern. In my view therefore the thing that is unfortunate about this is that the operative provisions of the statute failed to reflect the intention of parliament, as indicated by the words of the Prime Minister which I read, and which we in the house were asked to accept as interpreting the intention of the bill, and which the employees accepted in good faith.

The result of this whole situation, namely, a statute the operative provisions of which in the opinion of Mr. Justice Kellock do not carry out the clearly stated intentions of the Prime Minister—

Mr. St. Laurent: He does not say that at all.

Mr. Knowles: I am saying it.

Mr. St. Laurent: You say that in the opinion of Mr. Justice Kellock the operative clause does not conform with the preamble. He did not say that.

Mr. Knowles: I am sorry, but I think the Prime Minister misunderstands me. I am not putting words into the mouth of Mr. Justice Kellock, other than the words I quoted from him. Anything else I am saying is my own.

An hon. Member: Mr. Justice Knowles.

Mr. Knowles: What I am saying is this, that the result of a statute which failed to include in its operative sections what we were told was the clearly stated intention of parliament is that Mr. Justice Kellock made an award that was different with respect to the railway employees from what it was with respect to the hotel and water transport workers. It was not his fault, but it was contrary to what parliament expected.

In brief I would point out that the railway employees were awarded an increase of seven cents an hour, whereas the hotel and water transport workers were awarded an increase of four cents an hour, that being the floor provided by the statute. The railway employees were awarded a forty-hour week at the earliest date provided in the statute, namely, June 1, 1951, without any loss of take-home pay, but there was no provision for a forty-hour week for the hotel and water transport employees. Indeed, no change in their working week was made under the provisions of Mr. Justice Kellock's award. Hotel and water transport workers work varying numbers of hours in various parts of the country. It may be forty-four or forty-eight hours or more. Whatever hours they worked before still obtain. Another difference between the two groups is that the hotel and water transport workers were given a one-year contract, while the railway employees were given a two-year contract. The only point of significance about that difference, as I see it, is that these groups are being separated; because the hotel and water transport employees will have to seek a new agreement at a time when the railway employees will not have to do so. The smaller group will be splintered off from the larger group, and will therefore have less bargaining power.

In that connection may I point out that Mr. Justice Kellock states that there were 148,433 railway employees involved in the dispute, but that there were only 9,263 hotel and water transport workers involved. In other words it is for that small group of slightly more than 9,000 employees that I am speaking on this occasion.

When parliament met this year one of the first questions that I put to the Prime Minister was in relation to this matter. My question will be found in *Hansard* of February 1, 1951, at page 17. I need not quote the question, but it related to the matter of whether or not the government intended to do anything to get that award adjusted. The Prime Minister replied to the effect that representatives of the railroad unions had waited on him prior to that date with regard to this matter and that his answer to them was that the provisions of the statute had been carried out and it was not then the intention of the government to ask parliament to change that matter.

As is clear from letters that have been addressed since that time to the Prime Minister and letters that the rest of us have received, and as is clear from the representations made by the Canadian Congress of Labour on April 11, this is a matter which still exercises those who are affected by it. My purpose in rising at this time is to ask the government, on the floor of this house, to reconsider this whole position. I feel that it is our duty as members of parliament to concern ourselves, particularly when smaller groups are affected.

It is all well and good to say that the award was a fair award so far as the 148,000 railway workers were concerned. I have gone into that on other occasions, and I shall not now repeat my argument that the statute should not have limited the increase to seven cents per hour. But here we are confronted with this smaller group of 9,263 who feel they have been discriminated against. What rankles with them most of all is the feeling that parliament—indeed the government—let them down. They relied on the letter and the spirit of the words of the Prime Minister on August 30 to the effect that the whole group of employees, that all who were out, that all who were involved in the strike were to be treated as one unit. The phrase "one unit" was used by the Prime Minister at least twice. Whatever he may have meant by it, certainly the workers thought that it meant that the same treatment would be accorded to all.

I could go into the merits of the case on the basis of the wages these hotel and water transport workers are receiving and the hours that they work, but I am refraining from doing that on this occasion. I think that whatever may be their due because of their

low wages and long hours, because of comparisons with people in other occupations, the main point so far as we are concerned is the good name of parliament.

May I remind you and the house that there have been other occasions on which the government felt that the intention of parliament had not been carried out fully. I have before me references dealing with two such cases. In both of those cases the government either has taken action already or has announced that it will take action to see to it that the intentions of parliament are carried out.

One case came up in this house on February 26 of this year. We were having a debate on a matter which has taken a more favourable turn since then, namely, the question of trade union dues in relation to income tax. I was complaining about the action of the government several years ago in setting aside the provisions of the statute. I refer now to what happened in 1945, 1946 and 1947. I pointed out that just as soon as the Exchequer Court of Canada ruled that the right to deduct trade union dues from income tax was really included in the statute in 1945, 1946 and 1947, in fact just as soon as the matter was referred to the court, the government brought in a bill to amend the act and take away that privilege.

When I was complaining about this the parliamentary assistant to the Minister of Finance (Mr. Sinclair) argued that I should commend the government for taking action to change the law so as to make it conform with what had been the intention of parliament. The parliamentary assistant was definite about it. The debate took place on February 26 and may be found at page 677 of *Hansard*. His point was that if the act was as I said it was and as the Exchequer Court said it was, that was not the intention of the government when it presented its original legislation to parliament. As soon as the government discovered that it had made what it regarded as a mistake in the legislation, it amended the legislation so as to carry out its intention, and the parliamentary assistant said to me on that occasion that that was something for which I should commend the government instead of criticizing it.

The other example was brought to our attention in the first instance on February 16 of this year, as reported at page 421 of *Hansard*, by the Minister of Justice (Mr. Garson) who got up on the orders of the day to tell us that the government was going to take to the privy council, if you please, the famous Nolan case, in an endeavour to get a change in the decision of the Supreme Court of Canada. The Minister of Justice announced on that occasion that if the decision of the privy council was likewise against the government, he was giving notice that the government would bring in legislation to amend the statute so as to carry out what had been the intention of the government and the intention of parliament. I think I should read a few of his words. The minister said that the government:

> —gives notice that it will, in order to carry out the principle of preventing such fortuitous profits, introduce legislation in parliament confirming the settlements with all of the commercial traders in oats and barley, other than Mr. Nolan . . .

This matter came up again later on in the session. As a matter of fact it was raised by the leader of the opposition (Mr. Drew) in such a manner that the Prime Minister felt that he had to reply to it, and he did so as recorded on page 827 of *Hansard*. Speaking of what the courts had done in connection with the interpretation of the legislation, he said:

> They may be right but if they are right the government made a mistake in the method adopted to carry out the intention of parliament. It did not make any mistake as to what was the intention of parliament. It made a mistake, if that is correct, as to the method it adopted to carry out the intention of parliament.

A little later he described the arrangements the Minister of Justice was making. He said that if the privy council ruled against the government the government would be saying: We did not make any mistake as to what parliament wanted done, and we ask you to confirm the settlements that were made with those who did not institute proceedings. There is a clear case where in the words of the Minister of Justice and of the Prime Minister we are told that the intention of the government and of parliament was clear. The courts having placed a different interpretation on the statute than was the intention of the government and of parliament, the government feels itself obligated to bring in the necessary legislation to change the statute so as to carry out what was the intention.

There is my case. Surely what is fair to do in one instance is fair to do in another. The Prime Minister told us on August 30 of last year that it was the intention of the government to treat all the employees involved in the dispute as one unit. He used that phrase at least twice, and its spirit runs through all his remarks. There was to be no discrimination. There was to be nothing done to make any group feel that they were disloyal to any of their fellow workers. It was so clear that the representatives of the employees who were sitting in the gallery on that occasion felt satisfied, even though they might have had some doubts about the wording of the bill. They were satisfied that if the

matter went to arbitration the intention of the government and of parliament would be carried out.

The matter did not go to the courts, but it did come into the hands of a justice of the supreme court. That justice of the supreme court did not interpret the operative provisions of the statute in the way the Prime Minister had indicated to us on August 30, 1950.

It seems to me the course to be followed by the government on behalf of parliament is clear. If when the Nolan case reached the point it did the government felt that its intention had not been carried out and it therefore has the right to bring in legislation to carry out that intention, surely the hotel and water transport workers have a moral claim upon this government to have the same course taken on their behalf. As I say, I have refrained from going into the rate of wages and hours of work; I do not want to complicate the question. If I did go into those matters, from my point of view their case would be even stronger. Here is a small group, and we often find that small groups are discriminated against. But I object to such treatment, and on behalf of these 9,263 hotel and water transport workers I submit that something should now be done to alleviate their situation. Therefore I move, seconded by the hon. member for Yale (Mr. Jones):

That all the words after the word "that" to the end of the question be struck out, and the following words be substituted therefor:

"this house is of the opinion that the government should give consideration to the advisability of taking appropriate steps to secure an alteration in the award which was made under the Maintenance of Railway Operation Act of 1950, so as to extend to the hotel and water transport workers involved in the railway dispute of last fall the same terms awarded to the railway employees involved in the same dispute."

Right Hon. L. S. St. Laurent (Prime Minister): Mr. Speaker, I am not rising to defend the award made by Mr. Justice Kellock, nor to defend that hon. gentleman himself; I do not think he requires any defence in this house. I regret that the hon. member for Winnipeg North Centre (Mr. Knowles) does not agree with Mr. Justice Kellock's interpretation of the statute and its preamble, and does not agree with the conclusions at which the hon. justice arrived. But it so happens that it was Mr. Justice Kellock who was selected to preside over this arbitration, and that it is the decision of Mr. Justice Kellock which by statute is binding upon the parties.

I rise merely for the purpose of pointing out to my hon. friend that he can take some phrases from the language I used at that time and interpret them as he has chosen to do this afternoon, but if he reads the whole of what I said—and I said quite a lot on that occasion, as many of us did, because we were very much disturbed over the serious situation which had arisen—he will find that I said the government had come to the conclusion very reluctantly that it should not ask the other unions to abandon any of their fellows with whom they had bound themselves together for a common cause, because it would probably have seemed to them we were asking them to do something disloyal. So I said the government did not recommend that parliament do that, but that the matters in dispute would remain to be determined by the arbitrator. I even pointed out in express terms that if the arbitrator came to the conclusion that a certain group should get a larger increase than another group, that would be something he could include in his award. He was the one to determine what remained in dispute between the employers and the employees, and he was the one to determine how the dispute should end.

At page 13 of *Hansard* I commenced by pointing out that we found it difficult to ask parliament to declare that it was in the national interest that the services of the Chateau Laurier here in Ottawa should be resumed at once. We found it difficult to come to that conclusion and to ask parliament to come to that conclusion, but we felt there was the overriding consideration that if we did not do it we would be saying to the men that they had to do something which they might consider disloyal to the smaller group included in their number. When the question was raised by the hon. member I gave him the answer to which he has referred, which is at page 71 of *Hansard;* that we were saying that though the railways in their discussions had not agreed to four cents for everybody, there would be four cents for everybody, but that was all we were determining; and that as far as we were concerned, if there was a continuance of this dispute between the parties in regard to treating water and hotel operatives in a different fashion from the ordinary railway operatives, the arbitrator would have before him the example of what the government was recommending to parliament, and what parliament was doing, but that it would be his responsibility to make the decision.

Now the decision has been made, and I must repeat that it is not the intention of the government to ask parliament to set aside the decision. I would ask the hon. gentleman to read again everything I said on that

occasion. I am sure he will come to the conclusion, which is apparent from what I said, that here was the example the government was giving, here was the example parliament was giving, but that was not to be binding upon the arbitrator with respect to any of the matters that might be in dispute; that he would have to settle them, and he did.

The union leaders felt they could not take any other position than to ask for equality of treatment for the hotel and water operatives. I felt that parliament could not take any other position than to determine what it was determining with respect to those who were involved; but that what was left to be determined under the act would be determined by the arbitrator. The arbitrator came to the conclusion—and I am not going to discuss whether or not it was a proper conclusion—that those who happened to be working in railway hotels had no good reason to expect substantially better treatment than operatives in other hotels. When the labour leaders made their representations to the government some time ago, we told them the contract with the hotel operatives would expire shortly and would have to be renewed, and they could make their representations to the management. They said it would make for better public relations between the railways and all their employees if they treated their hotel employees on the same footing. I said, "Well, make that representation to the railway management. I am not going to take the responsibility of asking parliament to intervene and set aside the decision made in this exceptional case." This was regarded and treated as a case of compulsory arbitration. It was very exceptional, and I hope it will long remain so. I hope there may never again be any situation in which parliament will have to exercise its authority to secure the functioning of essential services in this country.

It may be urged upon the railway management that it would make for better personal relations with their employees if they did that, but I do not think it is a matter in which any responsible government could ask parliament to intervene again to change the award that was made at that time. I repeat that I made it abundantly clear that the questions remaining in dispute could be dealt with by the arbitrator. I said, as recorded at page 75 of *Hansard* for August 30, 1950:

> . . . I would not like to give any opinion as a lawyer as to whether or not in the position taken by the parties at the last moment there would still be room for the arbitrator to say that one group, perhaps the car men, would get one rate, and another group, perhaps the boilermakers, would get another.

[Mr. St. Laurent.]

I do not know. We have endeavoured to treat the whole group who are out, those who have withdrawn from work, as one unit; and our reason for doing so is that we thought it would be unfortunate to ask by legislation that any portion of them should do something which they would regard as disloyal to their comrades.

Then the member for Rosetown-Biggar (Mr. Coldwell) said:

> Then we can take it that the intention of the legislation is so far as possible to keep the unions as a unit in their negotiations?

I answered:

> I would not put it in that way. The intention was not by legislation to require any of the unions to adopt a course that they would regard as disloyal to their fellows.

That was the position in parliament, that we should not by legislation do something which would have been very embarrassing to the constitution of this country had they refused to comply with it. That was one of the very serious motives which induced us to do this rather illogical thing of including the operations of the Chateau Laurier as something that was essential to the functioning of the Canadian economy. The matters remaining in dispute were left for the arbitrator. I may say I thought that, with our example before him, he might decide to treat them all on the same footing, but it was a matter that had to be determined by him. I believe it would be wrong for the government to ask parliament to vary the decision at which he arrived.

Mr. Angus MacInnis (Vancouver East): It is not my intention to speak at any length on this question. The member for Winnipeg North Centre (Mr. Knowles) has made his case so clear, as he always does, there is nothing much left for anyone else to say. After hearing what the Prime Minister (Mr. St. Laurent) has had to say there is still less left for me to say, because I believe in his concluding words he has upheld the contention of the member for Winnipeg North Centre.

Let me point out that, so far as my understanding goes, the member for Winnipeg North Centre did not say that Mr. Justice Kellock misinterpreted the act. What he did say was that the act did not express what parliament intended, that is that all of the groups on strike should be treated alike. The Prime Minister read the part of the debate that I was going to quote, that is part of his own statement which appears at page 75 of *Hansard*. But let me read it again, for emphasis, and I shall leave my participation in this debate at that. This is what the Prime Minister said, as reported on page 75 of *Hansard* for August 30, 1950:

> For instance, I would not like to give—

Mr. St. Laurent: Perhaps you should start four or five lines above that.

Mr. MacInnis: I would be glad to do that.

On all of the points in which we have provided expressly, we have stated the arbitrator cannot undo what we are doing. On the other matters he will have to make a determination as to the extent of the gap and the bridging of the gap.

It is clear that the arbitrator felt there was a gap, and he used the discretion given him in the act.

Then the Prime Minister proceeded:

For instance, I would not like to give any opinion as a lawyer as to whether or not in the position taken by the parties at the last moment there would still be room for the arbitrator to say that one group, perhaps the car men, would get one rate, and another group, perhaps the boilermakers would get another. I do not know. We have endeavoured to treat the whole group who are out, those who have withdrawn from work, as one unit;

I think that is clear. So far as parliament was concerned, the purpose was to treat all the employees, both hotel employees and water transport workers on the same basis as those other railway employees who participated in the strike.

Then the Prime Minister continues:

. . . and our reason for doing so is that we thought it would be unfortunate to ask by legislation that any portion of them should do something which they would regard as disloyal to their comrades.

My understanding of the point made by the hon. member for Winnipeg North Centre, and I agree with it completely, is that if the act did not express specifically what parliament intended, parliament should now remedy that situation and do justice to these employees that we feel were discriminated against in the arbitrator's findings.

Mr. O. L. Jones (Yale): I should like to briefly outline a little problem we have in the interior of British Columbia, and this has a distinct bearing on it. I feel I would be remiss in my duties as a member of that area if I did not bring it before the house. On Okanagan lake we have barges, tugs and other equipment operated by both the Canadian Pacific and Canadian National. The men operating this equipment are well organized, and are part of the transportation system, so were affected by the strike. As has been pointed out by the hon. member for Winnipeg North Centre, today they feel that they have been let down by parliament. They were led to believe, rightly or wrongly and I am not going to go into that, that an implicit promise had been made that they were to be treated fairly with all other railroad workers. They took that from the statement of the Prime Minister (Mr. St. Laurent), and from the preamble to the act. They still feel that way today, and believe they have been badly let down.

The men employed on these barges and tugs are of a very high calibre, the masters, general officers and the men themselves. Many of them are former naval men or deep-sea seamen who have turned to lake service in their advancing years. They feel that they are supplying a vital service in the transportation system, because except for this water transportation the railway would end at Kelowna. They feel, therefore, that they are a vital part of the system, and the same situation would apply to Kootenay lake and the other lakes in the interior of British Columbia. It is felt also that no sound reason has been advanced for excluding them from the general recognition of the railroad workers, which naturally produces a divorcing of their group from the general category of railroad workers.

I wish to place on record the reasons they advanced for placing themselves in the same category as ordinary railroad workers. They are very simple. They are as follows:

(1) The earnings from our efforts go into the railroad coffers.

(2) Our pay cheques are issued by the railroad companies.

(3) Our work is governed by rules and regulations issued by the railroad companies.

(4) Should we incur any expense through breakage or waste we have to explain very thoroughly to some office of the railroad company.

(5) From the standpoint of peculiarities of duties our deck crews have to switch and spot freight cars just as do railroad brakemen and conductors. This is additional to the regular ship's duties.

(6) Touching on the hotel employees issue we leave it to you to take notice of your railroad timetable and newspaper advertising wherein no punches are pulled in telling you that hotels owned and operated by the railroad companies offer the finest of service and accommodation to the traveller.

(7) Last but not least—when our agreement expires it has to be renegotiated at the office of the divisional superintendent, these recommendations of which are subject to final ratification by the general head office of the railroad company.

That seems to me to place on record the close touch there is between the water transport workers and the general set-up of the railway transportation system in Canada. They feel that they have the same grievance that the other railway workers have. They went on strike for the same reasons, at the same time, for the same principle, namely, the high cost of living and their inability to meet it. They feel that they should not be segregated from the bodies rendering public service under identical conditions, identical management, subject to identical punishment, merit marks and so on. Of course they have to do something about it. They have a feeling that they may again have to consider strike action. I am not saying that

is a general feeling, but they have got to do something to raise their present standards.

May I point out that another thing that seems to me to tie them in with other railroad workers is that before any organized body of workers who contemplate strike action may take such action they must receive the sanction of the government through the Department of Labour. The water transport workers and hotel employees were granted such permission to take part in the railroad strike. To my mind this is a tentative admission by the Department of Labour that both groups were subject to the same governing factors and should be dealt with collectively. Parliament unconsciously acknowledged the unity of the workers by calling the bill not the railroad workers bill or the waterworkers bill, but the maintenance of railway operation bill. I submit that the railway could not be maintained without these vital links in its operation. To my mind the act was intended to cover them.

These men, unfortunately, are still working a 48-hour week and they are still under the 1939 agreement. The company is quite satisfied because that suits them, and they refuse to allow any changes to be made in those working conditions. These men have had no raise in pay since 1948, and we all know how greatly the cost of living has gone up in the meantime. It is on their behalf that I would ask that consideration be given to granting to these men, by negotiation if necessary, the same terms, the same increases in salary and the same lowering of the weekly working hours. I ask that their case be subject to immediate negotiation. I believe that they are as much entitled to a home life that the longer hours there would give them as are their colleagues with whom they work every day. I think that it is unfair, and constitutes an injustice, when one group of a given service is segregated and told, "You shall have nothing" while the others are treated well according to the settlement made.

I feel that the government have a responsibility. Whether what has happened was intentional or unintentional is a matter which I am not going to go into at all. But at any rate, the impression was given that these men would be treated on a basis similar to that which was used in the treatment of all other railroad workers who were on strike. To bring back the good name of parliament, and I believe the Prime Minister (Mr. St. Laurent) feels that something should be done on behalf of these men, I appeal to him to use either negotiation or some other instrument—and I do not know what is available—whereby a hearing could be given these men and their case could be dealt with on its merits, in order to give them a decent chance to raise their standard of living to meet the present high cost.

Mr. R. R. Knight (Saskatoon): Mr. Speaker, I think my friend the hon. member for Winnipeg North Centre (Mr. Knowles) has made an excellent case. I do not intend to add to it; that is to say, I do not intend to add to it anything in the form of argument. I should merely like to add my endorsation of the words that he has spoken. I am one of those citizens who are fortunate enough to have in their midst a Canadian National Railway hotel, the Bessborough, which I have no doubt has played host to a good many members of this house, including the Prime Minister (Mr. St. Laurent). I have heard no good reason advanced today as to why there should have been a discrimination and a division as between these two classes of workers or why that other class of workers which was discriminated against should not share the benefits of the award under the recent decision. The employees of the hotels, of course, were disappointed also. There is one fine gentleman who lives close to my house, who was engaged in some humble work, as it is termed, at that place; he came to me when I was at home at Easter and expressed bitter disappointment, not perhaps so much in the matter of the money award as in the fact that some distinction had been made as between the particular class of workers of which he was one and those other classes of workers who had received better treatment. This was something he bitterly resented. I am prepared to accept the interpretation which the Prime Minister has made of his own words, but may I say that the only reason I accept it is that he has so interpreted them. If I am paying the Prime Minister what I think is a well-deserved compliment in that regard, I may remind him that a great many people of this country and those workers of whom we are at the moment speaking, accept the Prime Minister's word in that same spirit. It is therefore unfortunate that they should give to the Prime Minister's word an interpretation which he had not intended; because when he speaks, the people listen and believe. These people listened and they believed; and there are no tricks in plain and simple faith. The Prime Minister said that he is not prepared to recommend to parliament that it should remedy this injustice to these particular workers; he did not call it an injustice, but that is what I call it. Although the Prime Minister is not prepared to submit the matter to this parliament may I say that this matter, like most others, is within the jurisdiction of this parliament and that this

parliament could do something about it if the government were to give to it the necessary leadership.

I shall close these few remarks with the fine words that were spoken by our former colleague in this house, the hon. member for Calgary West (Mr. Smith), when he said that, among the things that he had found out, the one which stood out most vividly from his experience in the years he had spent here was this, and he expressed it in the following words:

> I came to a very simple conclusion, a conclusion that I know to be right, namely, that perhaps the chief thing that rests upon us here is that within these four walls and in our hands rest the honour and conscience of the Dominion of Canada.

Let me say that this is one of the things which rest upon the honour and conscience of this house.

Mr. M. J. Coldwell (Rosetown-Biggar): I really did not intend to say a word, and I have been considering whether I should say it or not; but I think perhaps I owe it to my colleagues in the house as well as to myself to say what I am going to say. I have a vivid recollection of this discussion on August 30. In common with all other members of the house, I was anxious to see the matter settled then and the railways resume their operation immediately. I followed very carefully the course of the debate. The Prime Minister (Mr. St. Laurent) has quoted the question that I put to him as recorded at page 75 of *Hansard*. That question was put immediately after the paragraph that has been quoted two or three times this afternoon. I will, if the Prime Minister will allow, not quote the first paragraph of the two, because it does not have any bearing on what I am going to say, but I listened very carefully to this:

> For instance, I would not like to give any opinion as a lawyer as to whether or not in the position taken by the parties at the last moment there would still be room for the arbitrator to say that one group, perhaps the car men, would get one rate, and another group, perhaps the boilermakers, would get another. I do not know. We have endeavoured to treat the whole group who are out, those who have withdrawn from work, as one unit; and our reason for doing so is that we thought it would be unfortunate to ask by legislation that any portion of them should do something which they would regard as disloyal to their comrades.

In the sitting that afternoon I considered that to mean, rightly or wrongly, and apparently wrongly now, that we were not going to ask by legislation the segregation of the large group of railway workers from the small group of water and hotel workers. That was my interpretation at the time, and I asked the question to confirm it. When the question was answered I thought that it confirmed the opinion that I had formed during the discussion, namely, that the intention was not by legislation to require any of the unions to adopt a course which could be regarded as disloyal to their fellows.

I may say that immediately I turned to the hon. member for Winnipeg North Centre (Mr. Knowles) and to the hon. member for Vancouver East (Mr. MacInnis) and said: "I think that is very satisfactory. I do not think we should delay this matter any longer. I suggest that we co-operate to end this discussion and get the railways working." My impression at that time was as I have suggested, and I thought that I owed it to my colleagues, to the Prime Minister and to the house, to say that that was my interpretation. It was on that basis that I so suggested to the hon. member for Winnipeg North Centre, who at that time was doubtful, and was not satisfied; but we had a long discussion, and I thought that the statement of the Prime Minister, my question and his reply clarified the situation sufficiently that it was clear that we were going to treat all the employees as a unit in the proposed arbitration, and that no group would be separated from the others. It was upon that basis that I said to my friends who have spoken this afternoon: "I think that that is good. I think that that settles the matter, and we should try to get the railways in operation and not delay this bill any longer." I thought perhaps I should say that. I am sure, as a matter of fact, the representatives of the railway men in the gallery thought the same because I saw them immediately after I left the chamber and they said so.

Mr. G. F. Higgins (St. John's East): I will not be two minutes.

Some hon. Members: Hear, hear.

Mr. Higgins: Thank you. I enter this debate for two very good reasons. One is, the only hotel in Newfoundland owned by the Canadian National Railways is in my riding; the other is, the water transport workers coming within the purview of this amendment I have been associated with professionally for many years, and through an accident was the head of their union for a matter of two or three years.

I do not intend to enter into any legal discussion with the Prime Minister on this matter, Mr. Speaker; it would be an unfair competition so far as I am concerned. But I should like to say that it was my understanding when we left here after the special session that the hotel and water transport employees were to be treated on the same basis exactly as other members of the union. I went home with that understanding, and I told the water transport union men that that was so.

In that connection, as I say, I am certainly not going to enter into any discussion with the Prime Minister, but at page 75 of *Hansard* he used these words:

> I would not like to discuss those details; but in the recommendation we made to parliament, and in the bill itself we have attempted to treat as one unit, all those involved in this dispute.

I was quite happy, but I did put the question to the Prime Minister as recorded at page 76 of *Hansard:*

> There is one thing I should like to get a little more clear in my own mind. The Prime Minister defined the position of the water transport workers and I wonder if once again he would make their position clear at least beyond the doubt in my own mind. Are they going to be included with the other railroad workers?

The Prime Minister replied: "They are." Well, as I say, rightly or wrongly—and I am sure the Prime Minister did not mean to mislead me in any way; I do not make that suggestion—that was the opinion that I went home with, and that was the opinion I expressed when I got home. I believe that is the opinion that hon. members who have spoken this afternoon had when they returned from parliament at that time.

Mr. H. W. Herridge (Kootenay West): There happen to be a number of water transport workers in my constituency who are employed on the inland Canadian Pacific Railway steamers; and it is because I think they have a just cause for grievance that I rise to support the amendment moved by the hon. member for Winnipeg North Centre (Mr. Knowles). I am not going to repeat the arguments made by the hon. member for Winnipeg North Centre; I think he made an excellent case, and there is no need for repetition at this time. But like the hon. member who has just spoken, when I returned home I was under the impression that all groups were going to be treated as a group as a result of the debate in the House of Commons, and I so expressed my opinion to these men. I met their business agent, and I met the crews on the steamers concerned, and they felt at that time that they were going to be treated in that way. The judgment has proven that those 10,000 workers, water transport and hotel workers, have not been included in the group. I feel that they have a just grievance, and I do urge that the Prime Minister give consideration to the amendment moved by the hon. member for Winnipeg North Centre and allow this parliament to correct that situation.

Not only do the men actually involved feel they have a grievance, but in presenting on their behalf their case to this house and supporting these men I am also representing the point of view of all the employees of the Canadian Pacific Railway in the Kootenay division.

Mr. Deputy Speaker: Is the house ready for the question?

Mr. George A. Drew (Leader of the Opposition): I think that this raises a question which should carry us back to the discussion which took place in this house last August and early September. It will be recalled that at that time I opposed very strenuously, as did others associated with me, the introduction of legislation which would establish the principle of compulsory arbitration.

Hansard will show that we warned of the dangers of introducing this principle. It is not enough to say that it was necessary to get the railways back in operation. There is no doubt that it was necessary to get the railways back into operation. I wish to repeat what I said before: I am convinced that, by the way it handled this whole matter, the government was responsible for the railways being out of operation. The government of the country undoubtedly was in a position to speak with some measure of authority, and conveyed the impression not only to the representatives of the union but also to the public that there would be no strike. They left the clear understanding in the minds of the public as well as of the union that they would follow the course they had followed over and over again. There has been a pattern clearly established and, right or wrong, that pattern is one which had led to the conclusion that before the strike actually took place the government itself would become the arbiter and would establish terms which would be regarded as acceptable by both sides.

In view of the fact that the dominion government, through its agency, is the employer of a substantial number of the men affected by the action taken at that time, it was perfectly obvious then and always has been that the government was in a position to make a decision. That continued right up to the last minute.

The strike took place. A strike of that kind, no matter how unsatisfactory it is in every way, is legal under our laws. Therefore we are dealing with legal action, no matter whether one approves of it or not. We are dealing with a situation in which the rights of men have been established by laws passed by parliament. Their rights were rights which required careful recognition.

The strike was under way. The paramount interests of the country, in the minds of

members of parliament, were the interests of a group of men and women who have given this country good and useful service throughout the years. There were these balancing interests.

In that situation a bill was placed before the house which introduced for the first time, as something to be dealt with by the parliament of Canada, the principle of compulsory arbitration. I think that today we must examine what it was those men were given a reasonable right to believe. The Prime Minister (Mr. St. Laurent) used words which have already been quoted, but which must not be disregarded. These are the words that were read into the record today:

> We have endeavoured to treat the whole group who are out, those who have withdrawn from work, as one unit.

No matter whether it was wise or unwise, no matter what the intention of the Prime Minister was—and I feel sure he had no thought of leaving any false impression in the minds of those who relied upon his words —nevertheless it seems to be that those who were affected by the legislation then before the house had reason to believe that all the men and women who were out on strike were going to be dealt with as one unit, and that there would be no exclusion in any decision that might be made.

For that reason I believe there was a natural feeling of surprise and disappointment on the part of those who found themselves excluded, and found that they were not treated as part of one unit. Whatever the merits or otherwise might be in respect of the inclusion of these men and women who, by the report of the commission, have been excluded, I think we must have regard to what they were reasonably led to believe. For that reason I propose to support the amendment which calls for consideration by the government of such steps as would treat all those affected at that time as one unit. In doing so I would repeat every objection I made on that occasion in connection with the introduction of the principle of compulsory arbitration, and say that what has happened has fully confirmed the objections we raised to the introduction of that principle at that time.

Mr. C. E. Johnston (Bow River): Mr. Speaker, I do not wish to take long in discussing this matter, but I believe it is necessary to say a few words. In the discussions we had in the house last fall the conclusions reached were decisive. Legislation was brought down to end the strike, and in that legislation certain concessions were made. As the leader of the opposition has said, the principle of compulsory arbitration was introduced for the first time. In that principle I never did believe: I do not believe in compulsory arbitration.

I believe it is apparent from the statement made by the Prime Minister on that occasion that all hon. members were of the opinion that all parties to the dispute would be treated alike. The Prime Minister's words as recorded in *Hansard* have already been quoted, so that there is no necessity for my putting them on again. I believe the hotel and water transport workers are justified in believing that they were included in the settlement. When they find now that they are excluded it seems to me they have good grounds for complaint. Without carrying the debate further let me say it is my view that we should support the amendment as proposed.

Mr. Clarence Gillis (Cape Breton South): Mr. Speaker, I too will be brief. This question is one which not only interests but also affects me. I am not particularly concerned about the legal angles in the matter. The justice of a cause always determines its legality, so far as I am concerned, whether statutory provision is made or not.

I disagreed strongly with the settlement of the dispute in the way it was settled. I grew up with the trade union movement. The many lawyers in the house will stand by their principles, but my whole life was spent in the development of the trade union movement. The principles laid down during the course of that development are things I have not forgotten and from which I will not back away very quickly. Those principles were established when there were no high salaried officials in the movement. The men who built up these organizations built them up on the basis of principle, and they fought for them. One of the things that we were always strongly opposed to was compulsory arbitration.

When we were called in in September and faced with a strike of Canadian National Railways employees, a strike that disrupted the whole economy of the country, we had to deal with a most serious matter. In my opinion that is something that should not have been allowed to develop. I think the government had the power to settle a strike of that kind by negotiating in the regular way through collective bargaining. I think the thing was badly bungled when it developed into a stoppage on that transportation system.

When we came to the house and the bill was introduced, as far as I was concerned there was no argument that could be advanced

to convince me that it was necessary to settle the strike in that way. It had got into a bad mess, nevertheless there was another way in which it could have been settled. A controller could have been appointed to work out by regular collective bargaining methods an agreement that would be suitable to all. We violated a principle that is deeply rooted in the trade union movement.

But we did something else; we divided the employees who were involved in that dispute. The pattern of bringing together workers in one industry in the largest possible unit for bargaining purposes is a principle that has been developed over the years. That principle was adopted by the organized workers of this country largely because of what management itself had done. In early days industry absorbed smaller companies and formed them into large units. The argument was used that by concentrating industry in larger units, by absorbing local management and placing everything under one head, a more economical way of operating and managing the industry was achieved. It was contended that overlapping and duplication of services was avoided. Industry began to get bigger and bigger with smaller and smaller groups of management. In order to meet and bargain with industry with some degree of power, this principle was adopted by the labour movement and they organized on an industrial basis with all the workers in a given industry in the one unit. Agreements were worked out that were fair to the employees of the whole industry rather than to work them out section by section on a craft basis.

The railroad workers did not get together overnight the 126,000 employees affected by the agreement. It took them years to bring in the railroad and water transport workers and include them in an over-all agreement and work out some degree of uniformity in the wage rates. They accomplished something when that was done. I listened to the Prime Minister (Mr. St. Laurent) speak and I thought that the bill which he described was going to preserve unity, at least for the workers involved in the agreement, and that they were going to be treated as one unit. I was rather surprised when the justice of the supreme court made the decision that segregated 9,000 workers from the agreement. I was surprised that the organization itself accepted the agreement that put to one side 9,000 workers who had been included in the previous agreement when the strike took place.

I think great injustice was done. We can talk all day about the legality of the thing, but in my opinion the injustice is that 9,000 workers who were under the agreement were discriminated against and the one bargaining unit which had been built up over the years was disrupted. It was a backward step in my opinion for that organization to have that group of workers segregated from their agreement. If there was any doubt in the mind of the arbitrator as to what the government meant when the bill was enacted, there was no doubt in our minds. I think every member of this house interpreted the bill to mean that the railway workers were going to remain intact as one bargaining unit and that whatever agreement was arrived at would be applicable to all the employees involved in the dispute. If hon. members of this house think that that was the intention of the government, then the thing for us to do is to correct matters by accepting this amendment.

The argument that has been advanced over the years by the railroads has been that they were not making any money. Canadian National Railways were able to show definitely that they had deficits of $45 million a year and the taxpayers of this country were paying that bill. I reiterate what I have said many times in this house, that that deficit of the Canadian National Railways was made up largely of interest on bonds with which the system should not be saddled. But despite all that we find that last year Canadian National Railways made a very good showing; they carried the load and wiped out the deficit with the exception of $3 million. There can be no argument on the basis of income as far as either the C.P.R. or the C.N.R. is concerned that they should not include the 9,000 workers who have been kept outside the agreement. They made money last year.

I suggest that the members of this house realize that an injustice was done. The money involved in straightening out that agreement would be quite small. I think we should tell the railroad workers that we feel that there was an error on the part of those who finalized this agreement, that the intentions of parliament under the bill were not carried out, and we are now instructing them to reform the bargaining unit and to make the increases given to one section of employees applicable to the 9,000 workers who were left outside the agreement.

Mr. David A. Croll (Spadina): Mr. Speaker, I have only a few words to say on this matter. When the house met on August 30 I commended the government very highly for including the hotel and water transport personnel in the bill that they presented to

parliament. In keeping them as a unit I thought there had been a very considerable achievement. I was under the impression that they were all going to be treated alike. I was unnaturally surprised when I read the judgment. I cannot add anything more to what has been said already except to quote the words of a middle bencher during the last debate to be found on page 41 of *Hansard* of August 30, 1950, as follows:

> It is true that compulsion can force the parties to submit to a given procedure. It may even force them to accept unwillingly certain results. But I think this house knows very well that forced obedience generates resistance and hostility. Far from being a cure, it is a source of further conflict and it multiplies strife instead of preventing it. Compulsion never removes the cause of the strife. Forced obedience against the will of those concerned sows the seeds of bitterness and resentment and in the end aggravates the very condition it was sought to cure.

I do not like being in the position where I can stand up and say, "I told you so," but I did tell you so.

Mr. Paul E. Cote (Parliamentary Assistant to the Minister of Labour): Mr. Speaker, there have been perhaps seven or eight members who have spoken in support of the amendment, while on this side of the house we have heard but one voice raised in opposition to the amendment. That was the voice of the Prime Minister (Mr. St. Laurent), and he has given ample reason why this amendment should be voted down by the house.

I do not intend to speak for very long; I do not need to do so, after having listened very carefully to the remarks of the Prime Minister immediately following those of the mover of the amendment. I would like to add this word, however. Much stress is placed upon the similarity of interest that existed at the time of the dispute and still exists between the hotel and water transport workers on the one hand and the railway workers on the other. I could have asked the mover of the amendment whether those two groups have much more in common than the fact that they work for the same management. I could have asked whether it was not true that as far as the hotel workers of the Canadian Pacific Railway were concerned, because of the character of their industry they could not claim to come under the Industrial Relations and Disputes Investigation Act and consequently were not involved in the dispute or in the award later made by Mr. Justice Kellock. To my mind this shows that these two groups belong to basically different industries. They happen to be linked together by the identity of the employer on the one hand and on the other by the identity of the bargaining unit to which they belong. In the mind of the government and of parliament, which approved the proposal of the government last August, the hotel and water transport workers were not really engaged in an industry which it was essential to have resumed at that time by an act of parliament. As the Prime Minister said this afternoon, it was only because of the fact that they belonged to the same bargaining unit that parliament thought it would be preferable not to have anything done that would amount to discrimination, in order not to jeopardize the fulfilment of the provision of the act which had to do with the resumption of operations.

My hon. friend will understand that had we legislated only for the resumption of operations by the railways there would have been grave doubts whether the railway workers would have obeyed such an order, if by so doing they might think they were being disloyal toward their brother workers of the other categories. It was only to discharge the obligation placed upon this parliament by section 91 of the British North America Act that parliament intervened to safeguard the peace, order and good government of this country and restore an essential service.

Personally I am of the opinion that the great mass of railway workers in this country are completely satisfied with the award of Mr. Justice Kellock, judging by the very few grievances that have been sent to the Department of Labour since that time by the local unions, the ordinary workers in the country. The riding I represent has perhaps a majority of railway workers. Judging from the reaction to this award in my own riding, I am quite satisfied that the very great majority of railway workers approved it. So I see no very good reason, based on the merits of the case, why parliament should intervene again in order to modify in any way the award of Mr. Justice Kellock. I do not say the hotel workers would not be justified in trying to bargain for more than they are getting, and they will have the opportunity to do so. When their contract terminates they may follow the usual negotiation procedure; and as the Prime Minister said, there is no reason why they should not try to get better working conditions and rates of pay if they so desire. At this time, however, parliament should not intervene because the reasons which justified the intervention of parliament last fall no longer exist.

Mr. Knowles: Would the hon. gentleman permit a question?

Mr. Deputy Speaker: Order. The hon. member has not the right of reply in moving an amendment.

Mr. Knowles: That is correct. I know that the mover of an amendment has no right to reply. But I was asking if I could put a question to the hon. member before he concluded his speech.

Mr. Deputy Speaker: Very well.

Mr. Knowles: Whatever may have been the circumstances that threw these two groups together, and whatever may be the size of the smaller group, does not the hon. member think the promise made to them on the floor of parliament last fall should be carried out?

Mr. Cote (Verdun-La Salle): The only interpretation I can place upon the statement which has been quoted several times this afternoon, that both groups would be treated as a unit, is that this was the only basis which would justify parliament in passing an act ordering the resumption of work by both groups. Parliament could have passed an act having to do only with the railway workers; but in order to do away with any excuse the railway workers might have had for not resuming operations because of their fellow workers being left out in the cold, as it were, the groups were joined together and one act of parliament was passed to apply to both. But I say the words of the Prime Minister at that time cannot be interpreted as a direction to Mr. Justice Kellock to treat both groups as a unit. They were intended to show that the groups were being treated as a unit in the formulation of policy by the government, in the bill that was presented, and in the determination of the questions which were to be submitted to the arbitrator, and that was all. From then on the arbitrator was a free man in a free democracy, to find as his conscience and intellect might dictate.

Mrs. Ellen L. Fairclough (Hamilton West): The hon. member for Verdun-La Salle (Mr. Cote) has said he sees no reason for interfering with this award. I say that if there were nothing else, the very fact that this is a small group would be one paramount reason we should feel that it is up to this parliament to reconsider this matter. Much was said by the hon. member as to the interpretation to be placed upon the words uttered by the Prime Minister (Mr. St. Laurent) last year. At page 75 of *Hansard* for August 30, 1950, the Prime Minister (Mr. St. Laurent) is recorded as having said, with reference to the treatment of the hotel and water workers:

> They are not being discriminated against in any mended to parliament, has treated them in the same way as the other unions, namely, as one unit; and way. The government, in the bill which it recom- everything that binds the arbitrator with respect to any one binds him as much with respect to those two small groups as it does to the others.

I think it is significant, Mr. Speaker, that the member for Spadina (Mr. Croll) was apparently under the impression that the Prime Minister's words definitely included the hotel and water transport workers.

I have here a newspaper report of the award published after it was made. It deals at some length with the impression that had been abroad that what was said in the commons carried implications that went further than the statute, including the words of the Prime Minister. I quote from the article:

> Explaining the inclusion of the hotel and water employees in the statutory award, Mr. St. Laurent told the house:

This is the quotation in the newspaper report, Mr. Speaker, and although I have not found it in *Hansard* I do not doubt that it was copied from *Hansard*. This appears in the *Globe and Mail* of December 20, 1950.

Some hon. Members: Oh, oh.

Mrs. Fairclough: Mr. Speaker, these words are in quotes in this article, and I do not doubt but that they were copied faithfully from *Hansard*.

> It was represented to us that all these unions were banded together for the promotion of a common cause and that it would appear to them that any action that was taken which did not apply to all of them and to which any of them submitted would be regarded as a betrayal of some of those who had banded together for the promotion of a common cause. That was something which it was said would appear to them to be wrong for any parliament to ask them to do. In drawing our legislation, we reluctantly came to the conclusion that that was a feeling which probably existed in the breasts of the men themselves and which it would not be politic to attempt to override.

Mr. Speaker, that was the impression which every member of this house had when those words were spoken. There was a full attendance in this house. We all sat and listened, and that was our impression. We were as surprised and disappointed as the men were when the report of the arbitrator was brought down. There are many groups in this country who have suffered because of this award. I have reference in particular to one group, the international brotherhood of blacksmiths, drop forgers and helpers. Some of the members of this union are working in the dockyards in British Columbia, and they are classed as water workers, while their fellows who do identical work in the railroad yards are classed as rail workers. It is not right. I feel it was not the intention of this house. I honestly do not feel it was the intention of the Prime Minister when he spoke those words in the house at the time the matter was under consideration.

Mr. Deputy Speaker: The question is on the amendment of the member for Winnipeg North Centre (Mr. Knowles). Those in favour of the amendment will please say yea.

Some hon. Members: Yea.

Mr. Deputy Speaker: Those opposed will please say nay.

Some hon. Members: Nay.

Mr. Deputy Speaker: In my opinion the nays have it.

And more than five members having risen:

Mr. Deputy Speaker: Call in the members.

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

YEAS

Messrs:

Adamson
Argue
Balcer
Beyerstein
Black (Cumberland)
Blackmore
Blair
Brooks
Browne (St. John's West)
Bryce
Cardiff
Casselman
Catherwood
Charlton
Coldwell
Cote (Matapedia-Matane)
Coyle
Croll
Drew
Fair
Fairclough, Mrs.
Fraser
Fulton
Gillis
Gosselin
Graydon
Green
Hansell
Harkness
Hatfield
Hees
Herridge
Higgins
Hodgson
Johnston
Jones
Knight
Knowles
Lennard
Low
Macdonnell (Greenwood)
MacInnis
McGregor
McLure
Murphy
Pearkes
Poulin
Quelch
Ross (Souris)
Rowe
Shaw
Stanfield
Stewart (Winnipeg North)
Thatcher
Tustin
White (Hastings-Peterborough)
White (Middlesex East)
Wright
Wylie—59.

NAYS

Messrs:

Abbott
Anderson
Applewhaite
Ashbourne
Bater
Beaudoin
Benidickson
Black (Chateauguay-Huntingdon-Laprairie)
Blanchette
Blue
Boisvert
Boivin
Bonnier
Boucher
Bourget
Bradley
Breithaupt
Breton
Brisson
Brown (Essex West)
Bruneau
Byrne
Cameron
Campney
Carroll
Carter
Cauchon
Cavers
Chevrier
Claxton
Cleaver
Cloutier
Conacher
Cote (St. John-Iberville-Napierville)
Cote (Verdun-La Salle)
Cournoyer
Crestohl
Darroch
Dechene
Dewar
Dickey
Dion
Dumas
Eudes
Follwell
Fournier (Hull)
Fournier (Maisonneuve-Rosemont)
Gardiner
Garson
Gauthier (Lake St. John)
Gauthier (Lapointe)
Gauthier (Sudbury)
Gibson
Goode
Gourd (Chapleau)
Harris (Grey-Bruce)
Harrison
Healy
Helme
Henderson
Henry
Hetland
Hosking
Howe
Huffman
Hunter
Jutras
Kent
Kirk (Antigonish-Guysborough)
Kirk (Digby-Yarmouth)
Lafontaine
Laing
Langlois (Gaspe)
Lapointe
Larson
Leduc
Lefrancois
Leger
Lesage
Little
Macdonald (Edmonton East)
MacDougall
MacKenzie
MacLean (Cape Breton North and Victoria)
MacNaught
Macnaughton
McCubbin
McCulloch
McDonald (Parry Sound-Muskoka)
McIlraith
McIvor
McLean (Huron-Perth)
McWilliam
Major
Monette
Mott
Murray (Oxford)
Mutch
Picard
Pinard
Pouliot
Power
Prudham
Ratelle
Richard (Gloucester)
Richard (Ottawa East)
Richard (St. Maurice-Lafleche)
Rinfret
Roberge
Robertson
Robinson
Rousseau
St. Laurent
Simmons
Sinnott
Smith (Moose Mountain)
Smith (Queens-Shelburne)
Smith (York North)
Stewart (Yorkton)
Stick
Stuart (Charlotte)
Studer
Tremblay
Valois
Viau
Ward
Warren
Weir
Welbourn
Whiteside
Whitman
Winkler
Winters
Wood—134.

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

EXCISE TAX ACT

Resolved, that it is expedient to introduce a measure to amend the Excise Tax Act and to provide:

1. That the rate of the general sales tax be increased from eight to ten per cent and that the rate of sales tax on those articles at present subject to four per cent be increased to five per cent.

2. That the excise tax on goods mentioned in schedule I of the act, and on furs, that are at present subject to the rate of fifteen per cent be increased to twenty-five per cent.

3. That the excise tax on candy, chocolate, chewing gum and confectionery that may be classed as candy or a substitute for candy, be reduced from thirty to fifteen per cent.

4. That there be imposed, levied and collected an excise tax of fifteen per cent on the following goods when adapted to household or apartment use:

(a) stoves, hot plates, grills and other appliances when adapted wholly or in part for cooking and when designed for using other than solid fuels;

(b) washing machines operated by electric or other power;

(c) electric, gas or kerosene refrigerators and freezing equipment and complete parts therefor including coils, condensing or compressor units, motors, cabinets, boxes, evaporators and expansion valves.

5. That the excise tax on cigarette papers and cigarette paper tubes be repealed.

6. That the excise tax on the following goods be increased by the amounts shown:

(a) for each five cigarettes or fraction of five cigarettes contained in any package, three-quarters of one cent;

(b) for each ounce or fraction of an ounce of manufactured tobacco, including snuff but not including cigars and cigarettes, contained in any package, three cents;

(c) for each ounce or fraction of an ounce of Canadian raw leaf tobacco when sold for consumption in Canada, three-quarters of one cent.

7. That the sales tax on the following goods be repealed:

(a) cortisone;

(b) adrenocorticotrophin (ACTH).

8. That any enactment founded upon this resolution be deemed to have come into force on the eleventh day of April, nineteen hundred and fifty-one.

Mr. Macdonnell (Greenwood): Mr. Chairman, I do not propose to take the time of the committee going over the ground again with regard to the arguments for and against the sales tax—

Some hon. Members: Hear, hear.

Mr. Macdonnell (Greenwood): —except to say—

Mr. Graydon: You asked for it, and you got it.

Mr. Macdonnell (Greenwood): —that what three weeks ago was in the realm of prediction with regard to what would happen, now is quite clearly in the realm of fact. It has become clear that the effect of this tax is going to be to raise prices, and therefore the argument which was used against it, as I say, already is confirmed by the fact. But what I rise really to do, Mr. Chairman, is before this vote is taken—and here I am really following to some extent what the hon. member for Red Deer said yesterday—to remind the committee of the device which has been used by the government majority to prevent free expression of opinion in this committee on this question. We have here the excise tax items, eight in all. The sensible thing to do, as was pointed out, is to consider them seriatim; but that would have removed from the government one advantage which they saw in dealing with them together.

If they had dealt with them seriatim, if the first one had to be voted on by itself, then, as the hon. member for Red Deer pointed out yesterday, a good many Liberal members would have been in great difficulty.

Mr. Abbott: They can vote on them when they come to the bill.

Mr. Macdonnell (Greenwood): I will come to that. That is the point which the minister made. I noted that point with great interest the other night, and I will do him the honour of referring to it before I am through. I just wanted to say that, as the hon. member for Red Deer made very clear yesterday, I have no doubt that a great many Liberal members of this house are finding exactly what those of us who are not Liberal members are finding, namely, that the voters in our constituencies are very much opposed to this increase in the sales tax. I imagine that voters in other constituencies represented by Liberals have the same kind of stomachs that voters in Conservative or other opposition ridings have. I imagine they have bodies that need the same kind of clothes to warm them, and we may hope that when the next election comes around they will have the same kind of heads.

I just want to point out that I think this device is an unworthy and rather a shabby one, taking away the right of free expression. I think that if somehow it could be vividly brought to the minds of the voters they would disapprove of it very much. I was interested to observe that the Minister of Finance said that when we came to the measure on the sales tax we would then have a certain number of sections which we could vote for or against. That seemed to me a curious argument, because—

Mr. Abbott: When we come to the Excise Tax Act.

Mr. Macdonnell (Greenwood): Yes. I thought that was a curious argument because it seemed to me that, whereas at that time we shall be able to have this one item split into several clauses so that we may give our views on each one, now we have quite a lot of other things thrown into one pot so that we may deal with them together. Of course the argument of Liberal members will be perfectly obvious. They will say: What did you want us to do with regard to the reduction of the excise tax on candy? Did you not want us to vote for that? Surely, you did not want us to vote against that. Well, if we did vote for it we had to vote for the whole lot together.

That is really the point that I wish to bring forward. I think that is a shabby and unworthy way of dealing with this thing, as was pointed out the other day. Apart from all other reasons, we really have made ourselves look silly by cruising over the ground backwards and forwards, and now we have

to give this vote, which I say is a very unreal vote, because a great many people are going to vote with their hands tied.

The Deputy Chairman: Perhaps now is as good a time as any to give a further explanation on the question that was raised the other day by the hon. member for Winnipeg North Centre, and again today by the hon. member for Greenwood, namely, this matter of considering a resolution of this type seriatim. This question of procedure was settled the other day on the motion moved by the leader of the opposition, which motion was negatived. Some surprise has been expressed as to why, when we study clauses of bills seriatim, the same cannot be done when considering a resolution of this kind. Let me dispose of this one point by quoting standing order 76, which says:

> In proceedings in committee of the whole house upon bills, the preamble is first postponed, and then every clause considered by the committee in its proper order; the preamble and title to be last considered.

Citation 774 in Beauchesne, second edition, at page 222, says:

> The bill is considered clause by clause. The chairman usually calls out the number of each clause, and reads the marginal note but he should give the clause at length when it is demanded by the committee. Each clause is a distinct question and must be separately discussed. When a clause has been agreed to it is irregular to discuss it again on the consideration of another clause.

Therefore it is clear that the reason for proceeding clause by clause in committee on a bill is that it is so set out in standing order 76. Hon. members will agree that this matter of what is referred to as a complicated question is an important one. Since it was raised the other day by the hon. member for Winnipeg North Centre—as a matter of fact, it was on Thursday last—opportunity has been had to study the problem with some care, and I am now prepared to give a further explanation.

In the first place, it is my view that what is before the committee is a single resolution. As hon. members know, under our practice a taxing bill cannot be introduced until a resolution has first been considered in the committee of ways and means. The present motion is a single resolution anticipatory of a number of tax changes to be contained in a bill amending the Excise Tax Act.

To say that the resolution before the committee is a single resolution does not of course dispose of the question. It may be argued that since the resolution is composed of a number of distinct propositions it is open to any member to require that each proposition be put separately. In this connection, reliance has been placed on a passage in Bourinot's Parliamentary Procedure, fourth edition, at page 298, which seems open to the construction that a difference exists between complicated questions and questions containing two or more distinct propositions. However, the authorities which Bourinot quotes indicate that a so-called "complicated question" is one which contains a number of separate propositions which are capable of being divided, and that, although a member does not have the right to insist that they be so divided, a motion to that effect would be in order.

I think perhaps I should quote at some length from Hatsell, upon whom Bourinot relies. The following appears in his "Precedents", volume 2, at pages 118-121. It is rather lengthy, and I would ask hon. members to remain as silent as possible, so that they may give their attention to this very important quotation, which says:

> When a question is complicated, that is, consists of two or more propositions, it has been often said, that it is the right of any one member to have it divided, in order that he may give his opinion upon each proposition separately. This was a very favourite topic with Mr. George Grenville, and often repeated by him, and at last insisted upon so much, in the question about the Middlesex election, on the 16th of February, 1770, that it was thought necessary to take the sense of the house upon it; which was done by a question, and carried in the negative, on the 19th of February: so that this matter is now at rest. Upon this occasion, every thing was urged that could be said in favour of the doctrine, as laid down by Mr. Grenville; but the truth is, there does not appear the smallest trace, in the history of the proceedings of either house of parliament, of this ever having been the practice; indeed, it would introduce universal confusion; for who is to decide whether a question is complicated or not?—"where" it is complicated?—into how many propositions it may be divided? Perhaps, when the question was formed by the Speaker from the debate, and not moved by a member, it was a very proper objection to the manner of the Speaker's stating a question, that it was complicated, and to desire that he would separate it; and to this and this only, every thing that is said in the case of Ashby and White, and in the other debates, may be referred: But when a question is moved and seconded, and proposed from the chair, however complicated it may be, the only mode of separating it, is by moving amendments to it; and these must be decided by the house, upon a question: unless, which sometimes happens, that the house "order" that it shall be divided, as they did in that very instance of the 19th of February; and on the 2nd of June, 1795; or by "consent" of the house, as on the 25th of January, 1771; the 9th of April, 1772; and in Lord Clive's case, on the 21st of May, 1773. Indeed, the doctrine of any one member having a "right" to insist upon anything, appears to be absurd; for another member may insist upon the contrary; and therefore, in all cases whatever,—

And I insist upon these last few words.

> —the only method of deciding whether anything shall, or shall not, be done, or how it shall be done,

must be by moving a question to the house, that question to be seconded, and proposed from the chair, and the sense of the house taken upon it.

Cushing, another author, in his "Law and Practice of Legislative Assemblies, 1874", at pages 528 and 529, defines a complicated question as one which contains a number of distinct propositions and which is severable by motion but not on demand. And the fifteenth edition of May recites at page 391 that the right of individual members to insist on the division of resolutions in committees of the whole house has never been recognized in England.

In view of the foregoing, it is my ruling that when a single resolution containing several distinct propositions is before the committee of ways and means, it cannot be divided at the instance of any individual member, although a motion to so divide the resolution would be in order. It is for the committee to decide whether any particular resolution should be so divided. In so ruling, I am not unmindful of the fact that very often there is great convenience in proceeding severally with the various propositions embraced within a single resolution. However, as I have said, this is for the committee, and not the chairman, to decide.

I thought I should put this lengthy ruling on the record, because it clears up the question of whether a member as a matter of right has the privilege of asking that a question be divided, and also the point that this matter is not one for the chairman to decide, but that it must be done by a motion moved by a member.

Mr. Knowles: May I ask a question based upon the ruling just given? Before asking the question, however, perhaps I might be pardoned for expressing the hope that in future discussions on points of order some of the rest of us will not be criticized if we bring forward citations from 1875 or 1800, or even back as far as 1770.

Mr. Fournier (Hull): You have done it before.

Mr. Abbott: So long as they are good, we like to have them.

Mr. Knowles: Yes, but at times I have produced precedents from much more recent years only to be told that I have had to go a long way back. The question I wish to ask is this: Do you regard the motion of last Thursday, which the house rejected that day, as binding upon all succeeding days; or do you regard that as a motion covering only the procedure of that day? The point is this, that on Thursday last the house decided, by a vote, that it would not deal with this resolution paragraph by paragraph.

[The Deputy Chairman.]

Mr. Abbott: We said that.

Mr. Knowles: It settled it for that day, but does it settle it for today or does it settle it for succeeding days? Would Your Honour accept a motion now to consider this resolution—today—paragraph by paragraph? It seems to me that at some stage it might be a good idea to find a way in which to make some progress with this matter. I am sure that the government must be rather annoyed that this debate goes on day after day and when the end of the day comes no progress has been made.

Mr. Abbott: Would my hon. friend permit me to ask a question? If this resolution had been drawn, as it might well have been, with no numbered paragraphs but with commas or semicolons between the different items, as resolutions that appear on the order paper often are, how would he have framed his motion?

Mr. Knowles: I suggest to the Minister of Finance that he and I should not talk about commas. Let us leave commas and periods to two of his fellow ministers.

The Deputy Chairman: Will the hon. member permit me to reply to his question now? The motion that was moved the other day cannot apply to any other resolution but the one to amend the Excise Tax Act. The vote that was taken is binding as long as the excise tax resolution is before the committee because that was the judgment of the house. Of course, the committee can always change its decision by unanimous consent. This would not prevent an hon. member moving a motion, for instance, that the resolution dealing with the Income Tax Act be divided. Does that answer my hon. friend's question?

Mr. Knowles: I accept it as your answer. May I make a suggestion? In doing this I hope it will be appreciated that I am really holding out an olive branch. I will not be surprised if other members of the opposition do not agree with the suggestion I intend to make. The majority of the house has decided that we are not to deal with this resolution paragraph by paragraph. Obviously the purpose of that is that we will not vote on it paragraph by paragraph.

Mr. Abbott: No it is not.

Mr. Knowles: Just a minute.

Mr. Abbott: It is to follow the correct rules.

Mr. Knowles: Just a minute; when I am throwing out an olive branch, it might be a good idea to wait and see what I have to offer. Would it be possible to have unanimous consent that we organize our discussion paragraph by paragraph, even though we do not

vote at the end of each section, but only when the whole resolution is concluded?

Mr. Abbott: I think we have taken up a little too much time with this procedural argument. This resolution relates to a bill to amend the Excise Tax Act, which involves various commodity taxes. They are all the same type of tax although on different commodities. I submit that any member of the house should be free at any time when this resolution is under discussion to refer to any of these taxes. One hon. member may be interested in the sales tax and another may be interested in the candy tax and not interested in any other. My suggestion is that it is much more logical and appropriate and fairer that all hon. members should have the right, as long as this resolution is under discussion, to refer to any of the commodity taxes which are involved in it.

That is my suggestion for the consideration of the committee. Other considerations may apply in connection with other resolutions, and I take no position on that. I think it is completely logical, I think it is completely proper, where we are dealing with a resolution which imposes commodity taxes alone, that any hon. member should be free to talk about any item that is included in the resolution.

Mr. Knowles: I am amazed at the position taken by the Minister of Finance. I have never heard that position taken before. I ask him to face this fact. On each day that this resolution has been before the committee, when the end of the day has come it has been impossible to measure whether or not we have made any progress.

Mr. Abbott: May I say that that is not the fault of the minister or his parliamentary assistant.

The Deputy Chairman: May I suggest that perhaps we have discussed this question of procedure at sufficient length and that we should continue with a study of the merits of the resolution.

Mr. Low: Mr. Chairman, I think I have about three minutes left and I do not propose to waste those three minutes. I have been giving a lot of consideration to the minister's budget statement and I have also been giving a good deal of consideration to what my constituents are telling me. They say to me, "We are opposed to the commodity taxes that the minister has suggested he will impose as a result of his budget and we want you to oppose those taxes." I realize that some people would oppose anything, but I think the people in the country have good reason for opposing these taxes.

Surely we have to be sensitive to the will of the people. I propose to be sensitive to their demands, especially if they have good cause or if there is something behind them. When the minister was explaining in his budget speech why he had decided to impose certain commodity taxes he said that he wanted to establish as nearly as possible a balance as between income tax, on the one hand, and commodity taxes on the other. He said that was one reason why he had decided to get something like $100 million out of the sales tax, and probably from $15 million to $25 million out of the special excise taxes and so on.

At various times since the budget was brought down either the minister or his parliamentary assistant has said that if we had other ideas about where he might get the revenue we ought to bring them forward. In the short time that I have I propose to place before the minister at least one alternative to which he could have turned to get the revenue he will require this year, and perhaps one or two others.

Progress reported.

BUSINESS OF THE HOUSE

Mr. St. Laurent moved the adjournment of the house.

He said: With respect to the not too remarkable rate of progress we have been making for the last few days it has occurred to some of us that it might be wise to determine in advance what we propose to do next week, and that by doing that in advance it might be hoped that better results will be achieved. I understand from the representatives of the three groups that it would suit their convenience and the convenience of members of their groups if on Monday we took up as the first order of business a motion by the Secretary of State for External Affairs to refer his estimates to the committee on external affairs. I have no doubt that there may be some general debate on external affairs, but I would hope it can be completed in the course of the day. The estimates of that department could then be referred to the committee on external affairs and the committee could get down to its usual work.

Then on Tuesday we would take up the defence estimates. Tuesday is a day when we have to make a motion to go into supply; but we would make that motion not for the purpose of opening any new departments, but merely for the purpose of getting into com-

mittee of supply and discussing the defence estimates on Tuesday and Wednesday. If that met the wishes or feelings of all hon. members, I think it would be desirable to have those two important topics debated during the first days of next week.

Mr. Fournier (Hull): Tomorrow we will continue the study of the budget resolutions. If those pass we will take up the resolutions in the name of the Prime Minister concerning Laurier house and Kingsmere park; then bill No. 79, respecting Indians. If we have time left we will take up Bills Nos. 191, 192 and 195.

Motion agreed to and the house adjourned at 6.05 p.m.

HOUSE OF COMMONS

Thursday, May 3, 1951

The house met at three o'clock.

QUESTIONS

(Questions answered orally are indicated by an asterisk.)

DOMINION ARSENALS—LONGUEUIL, QUE.

Mr. Pearkes:

1. Has the government sold or leased all, or any portion of the dominion arsenal at Longueuil, Quebec?
2. Is the government negotiating any such sale or lease?
3. If so, to whom, and under what terms?
4. Has any action been taken to dispose of any other arsenals in Canada?
5. If so, what action?
6. What disposition will be made, if any, of the personnel affected?

Mr. McIlraith:

1. No.

2. A lease is being negotiated.

3. Sorel Industries Limited, Sorel, Quebec, to form part of the over-all operations required in the production of guns and gun equipment. The use of the Longueuil plant will form part of the over-all operations required. The terms of the lease have not yet been fully determined.

4. No action has been taken to dispose of any other arsenals in Canada. However, the arsenal at Valleyfield, Quebec, is under a management contract to Defence Industries Limited, a subsidiary of Canadian Industries Limited. This contract was arranged by Canadian Arsenals Limited. A small government-owned chemical plant at Canadian Industries Limited, Shawinigan, Quebec, is also being reactivated under the management of Defence Industries Limited.

5. Answered by No. 4.

6. Personnel will not be affected, as the present staff is expected to remain and additional personnel will be needed.

ALCOHOLIC BEVERAGES

Mr. Diefenbaker:

1. What have been the federal government's revenues from imported and domestic alcoholic beverages in (a) 1950; (b) 1945; (c) 1939?
2. What was the distribution of these beverages, by provinces, in the same years?

Mr. McIlraith:

1. Excise revenues, import duties and revenue from licences and fees on alcoholic beverages.

	Fiscal Year	Excise Revenues	Licences and Fees	Import Duties	Total
		$	$	$	$
Spirits	1950	52,702,888	797,837	27,249,087	80,749,812
	1945	31,576,776	639,898	12,390,526	44,607,200
	1939	9,929,585	396,013	6,259,622	16,585,220
Malt and malt products	1950	59,696,608	3,550	54,388	59,754,546
	1945	42,468,192	4,750	34,312	42,507,254
	1939	8,545,245	4,800	20,994	8,571,039
Wine	1950	2,125,606	.....	587,451	2,713,057
	1945	1,772,375	.....	239,737	2,012,112
	1939	230,209	.....	293,311	523,520
Total	1950	114,525,102	801,387	27,890,926	143,217,415
	1945	75,817,343	644,648	12,664,575	89,126,566
	1939	18,705,039	400,813	6,573,927	25,679,779

Note.—There are certain additional revenues for which details cannot be shown. Sales tax revenue is not available for separate commodities. As regards income tax, no analysis is made of actual income tax collections as detailed information about the taxpayer is not given at the time payment is made. Income tax returns filed by corporations engaged in the production of alcoholic beverages showed a declared tax liability for the taxation years 1945 and 1949 (latest available) as follows: Taxation year 1945: income tax, $9,644,000; excess profits tax, $27,095,000.

Taxation year 1949: income tax, $19,082,000; excess profits tax, nil.

Similar information for taxation year 1939 is not available.

Questions

2. Sales of Alcoholic Beverages, Fiscal Years Ended in 1950, 1945 and 1939 as Reported by Liquor Control Boards or Commissions.

	1950	1945	1939
	$	$	$
Newfoundland	4,452,156	Not available	Not available
Prince Edward Island	2,146,972	713,073	Not available
Nova Scotia	21,155,428	19,133,013	5,483,433
New Brunswick	13,798,012	10,920,973	3,714,749
Quebec	118,113,801	75,745,867	34,296,963
Ontario	196,790,174	102,885,847	49,637,986
Manitoba	27,090,239	15,298,548	5,947,637
Saskatchewan	29,297,885	13,623,679	6,012,144
Alberta	39,850,663	20,564,057	8,645,554
British Columbia	57,285,610	29,358,380	13,738,097
Yukon	1,454,289	623,933	231,457
Northwest Territories	676,600	217,266	—
Total	512,111,829	289,084,636	127,708,020

CIVIL SERVICE—APPOINTMENTS AND RELEASES

Mr. Fulton:

1. How many employees of all classifications, including permanent and temporary civil servants and all other appointments outside the civil service, including also crown companies but excluding service personnel in the defence department have been taken on in the government service from the 1st of May, 1945, to date?

2. What is the total number of releases for all categories covered by question No. 1 during the same period?

Mr. Bradley: I understand the hon. member proposes to amend this question; therefore I suggest that in its present form it should be dropped.

Mr. Fulton: I suggest that it be allowed to stand, and I will try to reword it.

Mr. Speaker: Stand.

QUESTIONS PASSED AS ORDERS FOR RETURNS

JAPANESE PROPERTY CLAIMS COMMISSION—EXPENSES OF GOVERNMENT REPRESENTATIVES

Mr. Stewart (Winnipeg North):

What fees, travelling and other expenses were paid to all individuals who represented the government in connection with the Japanese property claims commission?

DEPARTMENT OF CITIZENSHIP AND IMMIGRATION—PROFESSIONAL AND SPECIAL SERVICES

Mr. Fulton:

1. What was the total paid by the Department of Citizenship and Immigration for professional and special services in the fiscal year 1950-51?

2. What person, persons, firms or companies received payments of over $25,000 under this heading in the said year, what was the actual amount of each payment, and for what service was the payment made in each case?

[Mr. McIlraith.]

DEPARTMENT OF JUSTICE—PROFESSIONAL AND SPECIAL SERVICES

Mr. Fulton:

1. What was the total paid by the Department of Justice for professional and special services in the fiscal year 1950-51?

2. What person, persons, firms or companies received payments of over $5,000 under this heading in the said year, what was the actual amount of each payment, and for what service was the payment made in each case?

LABOUR CONDITIONS

SEVEN ISLANDS, QUE.—NEWFOUNDLAND WORKERS ON RAILWAY LINE TO IRON ORE DEPOSITS

On the orders of the day:

Mr. G. F. Higgins (St. John's East): Is the Minister of Labour aware of labour troubles involving Newfoundland workmen engaged in the construction of the railway line from Seven Islands, Quebec, to the iron ore deposits?

Hon. Milton F. Gregg (Minister of Labour): The hon. member was kind enough to let me have advance notice of this question. I must tell him I am not aware of any circumstances which would have brought dissatisfaction to the Newfoundland workers engaged on the railway line from Seven Islands to the iron ore deposits.

Our national employment service has no local office at Seven Islands as yet. For several months consideration has been given to the opening of an office there. The required authority from the civil service commission has been secured. The Department of Public Works has been requested to provide the necessary accommodations for the staff. The project is being delayed, however, owing to the fact that there is no particular

site at Seven Islands which could be rented or purchased for the local office. The possibility of moving in a prefabricated general purpose hut is now being explored.

When our employment service operates at Seven Islands it will be its policy to provide equitable distribution of jobs as between workers from Quebec and workers from the Atlantic region.

EDUCATION

INQUIRY AS TO FEDERAL AID TO UNIVERSITIES

On the orders of the day:

Mr. R. R. Knight (Saskatoon): I should like to address a question to the Prime Minister. In view of the statement in *Saturday Night* and elsewhere that all Canadian universities are fully agreed that if federal aid is not forthcoming they cannot maintain the present high level of education, can we expect legislation at this session which would have as its object the provision of such aid?

Right Hon. L. S. St. Laurent (Prime Minister): I am sorry that at this time I cannot give a short, positive answer to the hon. member. As hon. members are aware, the royal commission on national development in the arts, letters and sciences probably will be dealing with the subject of the needs of the universities and their relationship with the federal government. The government naturally will want to consider the recommendations of the royal commission before reaching any decision on this matter. I might add that in a speech at the university of Toronto on October 27 of last year I referred to this matter in the following words:

> I think many of us recognize increasingly that some means must be found to ensure to our universities the financial capacity to perform the many services which are required in the interest of the whole nation.

I then turned to Mr. Massey, who is the chancellor of the university, and expressed the hope that his commission would "be able to help us to find a proper solution of that difficult problem." I am advised that the commission is doing everything it can to expedite the presentation of its report.

Mr. Macdonnell (Greenwood): May I venture to say to the Prime Minister that, whether he intended it or not by that speech, he aroused high hopes on the part of the Canadian universities.

Mr. St. Laurent: I think that all Canadians would like to see hopes raised as to the possibility of the Canadian universities continuing to fulfil in this country the role that is of such great national importance.

Mr. Blackmore: May I direct a supplementary question to the Prime Minister, based on the question of state aid to universities? May I ask the Prime Minister if, in his opinion, it is physically possible for Canada to provide the universities with the needs or requirements which would enable them to carry on?

Mr. St. Laurent: Mr. Speaker, I do not think that question requires any answer.

Mr. Blackmore: May I ask another supplementary question? If it is physically possible for Canada to supply the needs of the universities, is there any conceivable reason why it should not be made financially possible?

Mr. St. Laurent: I am surprised to hear that kind of question from an adherent of social credit policies.

Mr. Blackmore: I have one more question.

Mr. Speaker: May I ask the hon. member to reserve his question for another occasion?

GRAIN

QUESTION AS TO INITIAL PRICES FOR WESTERN WHEAT, OATS AND BARLEY FOR 1951 CROP YEAR

On the orders of the day:

Mr. H. R. Argue (Assiniboia): I should like to direct a question to the Minister of Trade and Commerce. My question arises out of the fact that spring seeding operations are about to start on the prairies and that there is need for the farmers to know in advance the initial prices, in order that they may be able to decide what acreage to seed. My question is this: Can the minister state when an announcement will be made of the initial prices of wheat, oats and barley for the 1951 crop year?

Right Hon. C. D. Howe (Minister of Trade and Commerce): Consideration is being given to the initial prices for wheat, oats and barley, and I am hopeful that an announcement can be made within the next two weeks.

RESEARCH ENTERPRISES

INQUIRY AS TO RE-ESTABLISHMENT OF PLANT

On the orders of the day:

Mr. J. W. Noseworthy (York South): I should like to direct a question to the Minister of Defence Production. Is the government giving consideration to the re-establishment of the plant known as Research Enterprises during world war II, or to the establishment of any plant to carry on

defence projects similar to those carried on by Research Enterprises?

Right Hon. C. D. Howe (Minister of Defence Production): The work of Research Enterprises has been carried on on the same site by Canadian Arsenals Limited. Production, of course, has been on a smaller scale than that carried on during the last war, but the equipment for radar work and for optical work has been retained. Work in electronics has been carried on but on a much reduced scale. At the moment the operation is being expanded to meet present requirements, and the floor space is being supplemented by a new building, now under construction, especially designed for the assembly of early-warning radar sets.

COST OF LIVING

STATEMENT WITH REGARD TO INDEX AS AT APRIL 2, 1951

On the orders of the day:

Right Hon. C. D. Howe (Minister of Trade and Commerce): Mr. Speaker, I should like to make a statement about the cost of living index as at April 2, 1951.

Ordinarily this announcement would be made through the newspapers by the dominion bureau of statistics. But in view of the fact that we have just concluded a debate on the cost of living and are still debating the budget resolutions, I thought it appropriate to make this month's announcement in the house.

I shall first read the announcement prepared by the dominion bureau of statistics, and then I shall make a few comments about the price of butter, which accounted for most of the change.

The following is the text of the dominion bureau of statistics official announcement:

The dominion bureau of statistics cost of living index advanced from 179·7 to 181·8 between March 1 and April 2. Nearly one-half of this increase of 1·2 per cent, or 2·1 points, was accounted for by butter which moved to high levels during the latter half of March and the early part of April, and then dropped sharply. The balance of the increase was largely due to other foods, clothing, home furnishings and miscellaneous items. The food index rose from 233·9 to 238·4. There were numerous but slight increases in foods other than butter, although decreases were registered for eggs, pork, and fresh vegetables. The clothing index moved from 196·3 to 198·8 following advances in men's wear and footwear. Increases throughout home furnishings were sufficient to raise the index of home furnishings and services from 188·6 to 190·7. The miscellaneous index advanced from 137·8 to 138·8 as a result of higher indexes for personal care, transportation and theatre admissions. Higher prices in some centres for coke and electricity raised the fuel and light index from 146·5 to 146·7. Rents were not surveyed during April and the rent index remained unchanged at 137·6.

[Mr. Noseworthy.]

In the course of a speech in this house on April 9 during the debate on the cost of living, I said that "a preliminary survey of March prices indicates that the index will hold about even during March, or at the worst show an increase for that month of not more than one-half of one per cent". Actually the increase was, as I have already announced, a little more than one per cent.

The forecast of a smaller increase in the cost of living index between March 1 and April 2, anticipated a more rapid decrease in the price of butter than occurred. It was expected that butter prices would fall from the high point reached during the latter half of March to an April 2 price which would have been very close to the March 1 price. Actually, while the April 2 price was well below the March high, it was not until the second week of April that prices had again fallen to March 1 levels. If the mid-April price for butter had been established by April 2, the cost of living index for that date would have shown an increase of less than one-half of one per cent.

Thus, this latest cost of living index increase was largely due to an increase in the price of a commodity which is now selling below the level of two months ago.

Mr. George A. Drew (Leader of the Opposition): Mr. Speaker, I feel sure that hon. members will welcome the fact that this announcement was made in the house, with certain explanations. In view of the fact that it has been made, may I ask the minister if it is his intention to exercise the powers which he sought under the Emergency Powers Act for the specific purpose of dealing with this problem.

Mr. Howe: The specific powers sought and obtained from this house in the defence production bill were related to preventing war buying from interfering with domestic distribution. The power is being applied in all basic war materials: the iron and steel schedules, the non-ferrous metal schedule, the chemical schedules and the pulp and paper schedules. I can assure the house that there has been no price increase to domestic consumers in those fields as a result of war buying. I suggest to the house that the rise in the price of butter was not owing to war buying.

Mr. Drew: It seems to me that the Minister of Trade and Commerce misunderstood the question I asked. I was referring to the reason he gave for the extraordinarily wide

powers under the Emergency Powers Act. When he introduced that measure and explained that he had been responsible for its drafting, he also explained that much wider powers were needed in order that, in addition to the control of supplies, he would then have the power to deal with prices as well.

Mr. Howe: Mr. Speaker, I must correct the memory of the leader of the opposition. The Emergency Powers Act to which he referred was introduced in the name of the Prime Minister, and was sponsored in this house by the Minister of Justice. I made no statement whatever on the Emergency Powers Act.

Mr. Coldwell: I should like to ask a supplementary question. Obviously the dominion bureau of statistics makes important forecasts. Has it made any forecast of the effect of new taxation on the cost of living in the coming months?

Mr. Howe: No. I might explain that the statement I made in the house on April 9 was a forecast of the April 2 position, and made at my request. I realize now that it was unfair to have asked for that forecast at the time because the bureau of statistics had not collected the data. The bureau gave me a running estimate from the situation as they saw it at the time. I have asked them for a statement of the effect of the new taxation on the cost of living index, and they advise me that they are quite unable to make such an estimate.

Mr. Knowles: May I ask the Minister of Trade and Commerce whether the figure given for April 2 includes any adjustment with respect to rents in the month of March?

Mr. Howe: I said in my statement that no study had been made of the price implication of rentals. Such a study will be made in June. They are made every three months.

Mr. Knowles: In other words, the rental increase is not reflected in the index except once every three months?

Mr. Howe: That is right.

Mr. Knowles: April does not include any change. Has there been any change in recent months in the basis of computing the rental index?

Mr. Howe: No, there has been no change in the basis of the index.

HOGS

ANNOUNCEMENT AS TO ISSUE OF PERMITS FOR EXPORT TO THE UNITED STATES

On the orders of the day:

Right Hon. J. G. Gardiner (Minister of Agriculture): Before the orders of the day are proceeded with, and because I have been questioned with regard to the matter on a number of occasions during the session, I think I should announce here what will come out within the next few hours, namely, the decision to issue permits for the shipment of live hogs to the United States.

TRANS-CANADA HIGHWAY

ROUTE BETWEEN ST. BONIFACE AND ONTARIO BOUNDARY

On the orders of the day:

Mr. Fernand Viau (St. Boniface): I should like to direct a question to the Minister of Resources and Development. Following the visit of the minister and the deputy minister of public works of Manitoba, has that province submitted for approval the shortest practical route for the construction of the trans-Canada highway in the eastern part of Manitoba between St. Boniface and the Ontario boundary?

Hon. Robert H. Winters (Minister of Resources and Development): While the hon. member for St. Boniface referred to the visit of the minister and deputy minister of public works of Manitoba, I think I should say that the visit was not to me. I did not see them on the occasion of their visit. I can say, however, that at the time the agreement was signed between the federal government and the government of Manitoba, the route between the Manitoba-Ontario boundary and Winnipeg was left pending until the provincial government had an opportunity to make further surveys. To the best of my knowledge, these surveys have not been completed; at any rate, the government of Manitoba has not communicated their suggested route to us.

WAYS AND MEANS

The house in committee of ways and means, Mr. Dion in the chair.

EXCISE TAX ACT

Resolved, that it is expedient to introduce a measure to amend the Excise Tax Act and to provide:

1. That the rate of the general sales tax be increased from eight to ten per cent and that the rate of sales tax on those articles at present subject to four per cent be increased to five per cent.

2. That the excise tax on goods mentioned in schedule I of the act, and on furs, that are at present subject to the rate of fifteen per cent be increased to twenty-five per cent.

3. That the excise tax on candy, chocolate, chewing gum and confectionery that may be classed as candy or a substitute for candy, be reduced from thirty to fifteen per cent.

4. That there be imposed, levied and collected an excise tax of fifteen per cent on the following goods when adapted to household or apartment use:

(a) stoves, hot plates, grills and other appliances when adapted wholly or in part for cooking and when designed for using other than solid fuels;

(b) washing machines operated by electric or other power;

(c) electric, gas or kerosene refrigerators and freezing equipment and complete parts therefor including coils, condensing or compressor units, motors, cabinets, boxes, evaporators and expansion valves.

5. That the excise tax on cigarette papers and cigarette paper tubes be repealed.

6. That the excise tax on the following goods be increased by the amounts shown:

(a) for each five cigarettes or fraction of five cigarettes contained in any package, three-quarters of one cent;

(b) for each ounce or fraction of an ounce of manufactured tobacco, including snuff but not including cigars and cigarettes, contained in any package, three cents;

(c) for each ounce or fraction of an ounce of Canadian raw leaf tobacco when sold for consumption in Canada, three-quarters of one cent.

7. That the sales tax on the following goods be repealed:

(a) cortisone;

(b) adrenocorticotrophin (ACTH).

8. That any enactment founded upon this resolution be deemed to have come into force on the eleventh day of April, nineteen hundred and fifty-one.

The Chairman: Shall the resolution carry?

Some hon. Members: Carried.

Mr. Low: The Minister of Trade and Commerce has just made a statement indicating that the cost of living index has gone up during the past month by 2⅒ points. By way of explanation he says that it was because of the unusual advance in the price of butter in March. If I remember correctly, Mr. Chairman, the dominion bureau of statistics figures usually show butter and butter substitutes together. I wondered, although I did not take the trouble to ask the Minister of Trade and Commerce when he made his statement, whether butter and other butter substitutes would not be considered as part of that whole effect which he says butter had on the cost of living. I do know that margarine made quite serious advances in price during that month, and kept quite even with butter in April.

There is one other comment that I should like to make with respect to the things I want to say about the budget resolution. It is this. When the full impact of the budget is made clear, let us say in a period of six weeks or two months, I am satisfied that the Minister of Trade and Commerce will have to show a much poorer picture than he was able to show today. From all that has been said here during the time that we have been discussing the budget and the budget resolutions, all that has been said by the minister and his parliamentary assistant, it is clear, to me at any rate, that the government thinks it is essential to increase the sales tax by twenty-five per cent, and to levy a fifteen per cent excise tax on such things as stoves, washing machines, refrigerators and other household electric equipment, in order to get revenue for the defence effort.

These taxes are designed for one purpose only, namely, to get revenue, in spite of the fact that the immediate effect of their imposition is to add to the already serious inflation that devastates the people of Canada, and has been doing so for some time. I shall not waste the time of the committee by repeating the arguments that I and many others have already put forward, and put on the record, concerning the adverse effect of these taxes, especially on young people who are trying to get themselves established, and all those who have to exist on fixed incomes as well as those in the lower income brackets.

We have made known the reasons for our opposition to the sales and excise taxes, and it will not be necessary for me to repeat the arguments now. I do fear, however, that very soon the country will be faced with demands from all organized groups for another round of wage increases. If further wage increases are granted, the cost of living will jump to new extremes. If, on the other hand, the increases are not granted, and especially if no effort is made to curb spiralling costs, along with the denial of further wage increases, the workers and producers of Canada can hardly be expected to feel like working harder and longer, as the minister warns they will have to do.

Let me say right here, Mr. Chairman, that I agree with the minister on that point. There is no way that I can see whereby production can be increased in this country except by all of us working harder and longer; and it is only through greatly increased production that the dangers of inflation can be averted at a time when we have to channel off, for defence purposes, large percentages of the things we do produce.

If Canadians will buckle down to it and will achieve in 1951 and 1952, let us say, as much as a six or eight per cent increase of physical volume of production—that is, of our gross production—it will be the greatest single factor, in my judgment, in bringing down prices and the cost of living. That is, of course, provided that we do not get foolish and allow the materials we do produce to filter away into other countries under foolish policies of one kind and another. But these taxes now, sales and excise, will not contribute in any way, in

my judgment, to an all-out production effort. My judgment is that it will result in discouraging production rather than encouraging it, and for that reason they are especially dangerous just now.

Whenever a government requires revenue, it is only good and common sense to go after that revenue where the money is. This government chooses to get the revenue solely by taxing for it. But the budget resolutions now before the committee propose to go after increased sales taxes and excise taxes in places where the money just cannot be obtained, without serious consequences to the people who are already overburdened with living costs, and who just cannot see how in the world they are going to keep their heads above water. The government has already admitted that single persons need not less than $1,000 and married persons not less than $2,000 to keep their heads above water. As a result the personal income tax exemptions are fixed at these levels.

Having admitted that, however, the minister turns around and seeks new revenue to the extent of $116 million from these people who are already overburdened. Then the minister proposes to tax away this year certain profits which corporations throughout the country have made. I have been making a special study of this whole corporation situation, and I should like to present that picture briefly today by way of showing to the minister that there is an alternative to which he can turn, and quite safely, to get his revenue. There is this alternative to which he can turn, if he actually requires it, although I believe the minister will agree—and whether he agrees or not, he knows I am correct—that when this fiscal year is ended he will have more than the necessary $116 million or $120 million by way of a surplus in revenue. I would bet my last shirt on that. He will have sufficient, and perhaps more than sufficient, to make up for what he proposes to get from these two taxes. I do not think there will be any doubt about that, particularly in the light of the fact that we are living in very buoyant times. Revenues are going to keep up.

I have here a table which I believe would be of interest to the people of this country, and, if it is agreeable to hon. members, I should like to have it placed on *Hansard*, so that what it reveals may be apparent at a glance.

Some hon. Members: Agreed.

Mr. Low: In this table I have prepared I use authentic figures from the Canada Year Book and from the budget papers tabled along with the minister's budgets of last year and this year, as well as information from the dominion bureau of statistics and the Department of National Revenue. This table, which shows the profits made in Canada by corporations after the payment of taxes, is as follows:

Profits Made in Canada by Corporations After Payment of Taxes

Years	Net profits after taxes Amounts	Cash dividends paid abroad and to persons in Canada Amounts	Undistributed profits, including refundable portion of excess profits Amounts
	$	$	$
1942	688,000,000	311,000,000	377,000,000
1943	660,000,000	295,000,000	365,000,000
1944	618,000,000	284,000,000	334,000,000
1945	623,000,000	251,000,000	372,000,000
1946	780,000,000	340,000,000	440,000,000
1947	1,104,000,000	502,000,000	602,000,000
1948	1,360,000,000	533,000,000	827,000,000
1949	1,171,000,000	570,000,000	601,000,000
1950	1,402,000,000	672,000,000	730,000,000
			$4,648,000,000

Source: Canada Year Book 1948-49, page 1111.
Canada Year Book 1950, page 396.

The figures covering years 1949 and 1950 are given on page 12 of budget papers 1950-51.

The above are latest figures available at D.B.S. and the Department of National Revenue.

Mr. Blackmore: Pretty rich pickings.

Mr. Low: There are several very interesting things about the statement. The dividends distributed were substantial, and presented a fine picture for the shareholders. Evidently the shareholders were satisfied. But in practically every year, if not indeed every year, the undistributed profits that remained with the companies were greater than the amounts distributed. In the nine-year period the accumulated undistributed profits in the hands of corporations of this country amounted to $4,648 million.

Mr. Abbott: My understanding is that the hon. member prepared the table, and got his information from the sources mentioned.

Mr. Low: Yes. The sources of information are set out at the foot of the table. Then, the minister proposes to tax away $116 million of these profits for this year by way of a twenty per cent defence surcharge on all corporation income payments in respect of income earned after January 1, 1951, exempting the fifteen per cent rate that applies to the first $10,000 in profits. The minister calculates that the surcharge will boost the rate of corporation tax on all profits up to 45·6 per cent.

If a further twenty per cent surcharge were imposed, bringing the minister's defence surcharge up to forty per cent instead of twenty

per cent, the yield this year would be $232 million, an additional amount quite sufficient to replace the revenue expected from the increased sales tax and the fifteen per cent excise on household electrical equipment.

Even after boosting the surcharge to forty per cent, undistributed corporation profits would still remain at the staggering sum of $500 million, on the basis of last year's figures. I realize that this is on the basis of last year's figures, and I give them because the figures for this year will not be available until a year from now. However, there is no reason to expect that the level of profits during the ensuing year will be lower than for the last year. As a matter of fact, in his budget the minister expects them to be greater. Under the circumstances I believe we are safe in expecting a profit at least equal to that of this year, and perhaps higher. And remember, the $500 million about which I have already spoken would remain to the corporations after all taxes are paid and after substantial dividends are distributed to the shareholders of those corporations. Under the circumstances I cannot see why the minister should not get the revenue he needs right there where the money is.

These undistributed profits constitute a huge potential reservoir of funds for expansion purposes. Along with the minister, I think it is wise that undistributed profits such as I have mentioned should be there for expansion and resources development. Those things should be financed from this source as far as it will go. I agree with the minister when he says also that during the emergency years ahead he will have to put some sort of curb on reinvestment so as to help keep prices under control. If these $500 million of profits were left, even after a forty per cent surcharge, and were poured out into the field of reinvestment for development or expansion purposes, producing nothing while they are being spent for those purposes, the inflationary effect would be terrific. The minister is quite right when he says that he must impose some sort of curb.

I favour the profit motive to induce enterprise and productive effort. I have always said so. I believe that there has never yet been discovered a better motive for enterprise and productive effort than the profit motive. I do not oppose that motive in any way; but when we are faced with a situation like the present one, when we need revenue, I think we should have no qualms of conscience about requisitioning from the very large accumulations of corporation profits another $116 million, especially when it leaves large reserves after the payment of taxes and substantial dividends to the shareholders of these corporations.

These inflated profits, I would remind you, were made possible by the condition of inflation that has existed over these past few years. Government tax policies have contributed to the inflation to a considerable extent, because, as we have already shown, when you increase any of these commodity taxes you are bound to increase the rate of profit, or the amount of profit at any rate, accumulated by the corporations. All these things, while they play into the hands of the corporations of the country, militate seriously against the individual consumer.

I suggest that the consumer would be hit much harder by the proposed tax increases than he would be by the additional corporation tax which I have suggested. It seems to me that the only way that we can give to the taxpayer, the consumer of this country, any sort of relief for the moment is to get revenue from the source I have outlined. Consequently I move:

That clauses 1 and 4 of the proposed resolution be deleted and the following be substituted therefor:

"That it is expedient to introduce a measure to provide for a further defence surcharge on all corporation income tax payments in respect of income earned after January 1, 1951, to the extent necessary to maintain the balance of ways and means."

Mr. Abbott: Mr. Chairman, there may be some point of order to be raised as to the propriety of this amendment which relates to a tax on corporations, but I shall not raise it for the moment because Your Honour might want to give some consideration to it. Before you do, there are one or two things I should like to say with respect to the most interesting and thoughtful speech which has been made by the hon. member for Peace River.

I am not going to repeat what I said as to why I think it is undesirable to further increase corporation taxes at this time. The effective corporation tax in eight of the ten provinces, after the present proposals are adopted, will be over fifty per cent, and in the case of the two central provinces of Quebec and Ontario it will be something over fifty-two per cent. For the reasons which I set forth in my budget speech I think that at the present time it would be uneconomical and unsound to push those taxes any higher. It would be an invitation to waste, extravagance and inefficiency. I am sure the committee would not want me to again express the views which I have already put forward in my budget speech.

I should like to say just a word about the suggestion that corporation profits are unduly inflated today. I am making no special brief now for the profits of corporations or of any other group in the community. Like my hon. friend I was doing a little bit of investigating as to the results in pre-war days as compared with the present time. I did not go through the war years, as he did, but I find that corporation profits after taxes in 1949 were $1,171 million. That is the same amount as was mentioned by my hon. friend, so I can see that he prepared his figures carefully. I have a comparison of the total corporation profits before taxes in 1939 and 1949. In 1939 the total corporate profits before taxes was $618 million; in 1949 they were $1,898 million. I think it is better to take them before taxes so that we can see what the profits were.

The interesting thing to me was the percentage of those profits to the gross national product. I found that the corporate profits before taxes, expressed as a percentage of the gross national product, were 11·04 per cent in 1939, and only 11·59 per cent in 1949. In other words, they were approximately the same. I think those percentages are extremely significant.

My hon. friend made the point that a substantial amount of corporate profits have remained undistributed. May I say at once that from an economic point of view I think that is an extremely desirable thing. My friend agreed with me on that. Out of those undistributed corporation profits most of the expansion of our production facilities which has taken place during the last four or five years was derived. The figures I have indicate that in 1949 the undistributed corporation profits were $601 million. I think it is fair to say that virtually all those profits have been reinvested in plant and equipment.

My own personal view is that it is not fair to say that corporation profits are unduly inflated in proportion to the increase in gross national production. My own personal view is that the profits which have remained undistributed and which have been reinvested in plant and equipment are performing a useful economic function at this time. I realize that my friend and I differ as to the economic desirability of imposing additional corporation taxes instead of imposing the spending taxes, the consumption taxes which I have suggested.

Mr. Fulton: Has the minister similar figures to show the comparative amounts or the actual percentages of corporation profits going into the hands of shareholders as dividends for pre-war and now?

Mr. Abbott: I have them here, and I am glad my hon. friend asked me that question. The dividends received by Canadians, expressed as percentages of total income in Canada, was 3·03 per cent in 1939 and 2·12 per cent in 1949.

Mr. Wright: The minister indicated that corporation profits in relation to national product—

Mr. Abbott: Gross national product.

Mr. Wright: —gross national product, had not increased to any very great extent.

Mr. Abbott: Not significantly, no.

Mr. Wright: It seems to me that the interesting figure would be one to indicate whether corporation profits had increased compared with capital investment. That is the point. The profits might be in proportion to the gross national product but might be out of proportion to the capital invested.

Mr. Abbott: I have not those figures here. If I may say so, the proportion of profits to capital invested is not a complete criterion, because in a great many enterprises, particularly in service enterprises and other types of endeavour, capital is not the only criterion to determine profits. We recognized that in our Excess Profits Tax Act during the war.

I do not know, Mr. Chairman, that we should get off into a too detailed discussion of corporation taxes under this resolution. I prefaced my remarks by saying that I have a little doubt whether my hon. friend's amendment is in order, but I do not know that I will press that point. I think I should say at once that I would be obliged to vote against it, because I do not consider that from an economic point of view an additional corporation tax at this time would produce the results which I wish to achieve.

I want to add, as I said in my budget speech, that the tax program which I am presenting has two purposes in view. The first is to raise the necessary revenues, and the second is to endeavour to curtail consumption in certain less essential fields which compete with defence requirements.

Mr. Low: I should like to make a brief reply to one point the Minister of Finance made. He quite properly says that the undistributed profits of the corporations are a reservoir out of which moneys for investment, expansion and development come. I think that is a proper thing, and I am all for it. At page 1809 of *Hansard* for April 10 the minister said:

> Moreover, we have always relied on undistributed corporation profits to provide a large fraction of the capital required for expansion of our industries. At this juncture in our affairs, with heavy capital

investment contributing to inflationary pressure, I shall not be too much concerned if higher tax rates leave less for reinvestment—

How much less?

—but in the long run it is a good thing for the country that business should grow out of reinvested profits.

With that statement before us, may I ask the Minister of Finance if he does not think that $500 million of undistributed profits for this year would not be a fairly substantial reservoir out of which moneys for reinvestment could come, especially in the light of the fact that over the last nine years there have been accumulated in that reservoir $4,600 million of undistributed profits? It seems to me that what we have to weigh most carefully is this: who will have the reserves that can supply the minister's need, the individual consumer throughout the country, or the corporations that have accumulated these reserves of undistributed profits? I would not mind at all seeing the individual taxpayers of Canada contribute a fair share of the moneys needed to run the government and to make a real defence effort if they had these reserves, but they have not got them, especially the people for whom we are expressing this grave concern, the people who have to pay the increased prices that result from the imposition of the two taxes in question. The money is there in the corporation reservoir, undistributed. The government does not want corporations to reinvest these moneys this year.

Mr. Abbott: Oh, some of it, yes.

Mr. Low: Some, but not all.

Mr. Gibson: It is not all their money, either.

Mr. Abbott: If my hon. friend will allow me, obviously my view is that, by taking an additional twenty per cent of corporation profits in taxes, the residue will not in my opinion be greater than is fair and just for payment of dividends—

Mr. Knowles: Not twenty per cent of profits.

Mr. Abbott: Twenty per cent increase in the corporation tax—the amount then left will not be beyond what is fair and reasonable for the payment of a return on the shareholders' investment and to remain as undistributed profits forming savings for the increase of capital equipment. Others may differ with me in that view, but that is the view I have taken and the view which I expressed in my budget speech.

Mr. Low: I do not know whether the minister has these figures before him. I was not able to get them, but I am going to continue to try until I do get them. It would be interesting to know how much of the $600 million undistributed profits accumulated by corporations in 1949 was actually reinvested; I wonder if there is not some carry-over. What I am getting at is that even if the surcharge for defence purposes were increased to forty per cent it would still leave not a bit less than $500 million of undistributed profits, assuming that the aggregate profits this year will be the same as last—and I think they will be, or more—and assuming also that the same rate of dividend is distributed as was distributed last year. I am asking the minister if he does not think that $500 million is a pretty fair potential reinvestment fund in the light of the forces that he knows are exerting pressure on prices in this country and on the cost of living.

Mr. Abbott: This has been a most interesting discussion, but I think perhaps we should defer any further discussion of the desirability and the economic effects of an increased corporation tax until we are considering that tax. My hon. friend has moved that certain commodity taxes be struck out of this resolution, and that as an alternative there be an increase in the corporation tax. I am glad he raised the question, because I was interested in what he said. I was glad to put on the record the striking percentages which I gave the committee a moment ago, but I think we should endeavour to dispose of the amendment if, Mr. Chairman, you consider it in order. If we care to pursue further an analysis of corporation profits we shall have ample opportunity to do so when that resolution is before the committee.

The Chairman: I am sorry to interrupt the debate, but I wish to state that earlier in the debate I allowed a blanket amendment of this kind to be put, although at that time I stated that I would have appreciated a fuller opportunity to study the matter. It now appears that the question was settled by a chairman's ruling on November 10, 1949, when it was made clear that the tax to be substituted must be specific and must clearly preserve the balance of ways and means. As to the amendment actually before us now, the substituted tax is not specific, but is in general terms. In addition, I have doubts as to the relevancy of the amendment on this particular resolution. Therefore I must rule the amendment out of order.

Mr. Knowles: Mr. Chairman, you heard the point raised by the Minister of Finance but you did not give any opportunity to anyone on this side of the house to speak to the point of order.

Mr. Lesage: The ruling is there.

Mr. Abbott: Do you think we could let this procedure point go?

Mr. Fournier (Hull): This would be the only time you let something go.

The Chairman: Order. I have ruled that this amendment is out of order.

Mr. Knowles: May I point out with respect—

Some hon. Members: No, no.

The Chairman: I am sorry, but the thing to do is to appeal. The chairman's ruling is not debatable.

Mr. Knowles: May I point out that the Minister of Finance—

Some hon. Members: No, no.

The Chairman: Order.

Mr. Knowles: These shouts of "no, no" do not expedite matters at all. The Minister of Finance raised a point of order; at least in opening his remarks he expressed some doubt whether the amendment was in order. He then proceeded to speak to the substance of the amendment at considerable length, and none of us quarrelled with that. In concluding he returned to his suggestion that perhaps the amendment was out of order, and you immediately rose to your feet, sir, and gave a ruling, without affording anyone else a chance to speak to the matter. That is not in keeping with the practice—

The Chairman: Order. The point of order having been settled, with the unanimous consent of the committee I am prepared to put the amendment. Is there unanimous consent?

Some hon. Members: No.

Mr. Low: What is your ruling?

The Chairman: There is no ruling.

Mr. Knowles: What is it you are asking unanimous consent for?

The Chairman: To put the question on the amendment.

Mr. Knowles: Then you are ruling that it is in order?

The Chairman: No, but the committee is always master of its own procedure.

Mr. Low: I think, Mr. Chairman, you would be well advised to rule it in order and put the question; because if you do not, under the circumstances I am going to challenge your ruling.

Mr. Fournier (Hull): Mr. Chairman, the ruling was given, and out of respect to the chairman's position I do not think the hon. member should say what he did. The hon. member may not threaten the chairman of the committee or any other member of the house. That is absolutely out of order.

Mr. Low: I am not threatening the chairman; I am simply saying that if he is prepared to submit the amendment to a vote of the committee it indicates that he is willing to declare it in order.

The Chairman: No. I gave my ruling, but the committee is always master of its own rules. With unanimous consent the question may be put, but my ruling is still there. If there is not unanimous consent the ruling stands.

Mr. Low: Very good; then I must challenge your ruling.

Mr. Blackmore: The steamroller will take care of that.

Mr. Speaker resumed the chair, and the chairman of the committee made the following report:

In the committee of ways and means I ruled that an amendment in general terms which does not set out a tax of specific amount was out of order in respect of a ways and means resolution.

Mr. Speaker put the question as follows:

The question before the house is an appeal from a ruling given by the chairman of the committee of ways and means. Mr. Dion of the committee of ways and means has reported to me that he ruled that an amendment in general terms which does not set out a specific amount is out of order in respect of a ways and means resolution. From this ruling Mr. Low has appealed.

Those in favour of confirming the chairman's ruling will say yea.

Some hon. Members: Yea.

Mr. Speaker: Those opposed will say nay.

Some hon. Members: Nay.

Mr. Speaker: In my opinion the yeas have it.

And some hon. members having risen:

Mr. Speaker: Call in the members.

Mr. Drew: Mr. Speaker, I wonder if it might be possible to make a comment on the situation that has arisen. I think there is an unusual aspect to this matter in view of the fact that each of these rulings establishes some form of precedent. I believe it should be a matter of record that the Minister of Finance did raise a question in that he said he was not sure whether the proposed amendment was in order or out of order. Then he said he would proceed, and he did proceed.

Mr. Abbott: I raised the point of order, and while the chairman was considering it I proceeded.

Mr. Drew: I am not questioning the propriety of the course followed by the Minister of Finance. He proceeded with his remarks,

and then the chairman came to a conclusion. I do suggest that there is more in this vote than simply approval or disapproval of the ruling of the chairman. I think there is the question of approval or disapproval of the way the ruling was presented, because before anyone had an opportunity to express his views, other than the minister, the ruling was given.

Mr. Abbott: I expressed no views on the point of order. I doubted the merits of the amendment.

Mr. Drew: I have said that, and I am pointing out—

Mr. Knowles: And the ruling did not relate to the point of order raised by the minister.

Mr. Speaker: Order. Though this discussion is out of order I must maintain order while it is taking place.

Mr. Drew: I want to point out that if a practice of that kind were followed a procedure could be established under which a minister or anyone else could make a statement and then discussion could be ended, without anyone else having an opportunity to express an opinion. I believe there should have been an indication that a ruling was going to be made so that comments might be heard before the ruling was given. Rather than voting on the question of the ruling itself, therefore, I propose to vote against it on the ground that it was presented without any comments being heard.

Mr. Speaker: Does the house still wish to have a recorded vote on the ruling?

Some hon. Members: Yes.

Mr. Speaker: Call in the members.

The house divided on the question: Shall the ruling of the chairman be confirmed? And the ruling was confirmed on the following division:

YEAS

Messrs:

Abbott
Anderson
Applewhaite
Arsenault
Ashbourne
Bater
Beaudry
Benidickson
Bennett
Bertrand
Blanchette
Blue
Boisvert
Boivin
Bonnier
Boucher
Bradley
Breithaupt
Breton
Brisson
Bruneau
Byrne
Cannon
Carroll
Carter
Cauchon
Cavers
Clark
Claxton
Cleaver
Cloutier
Conacher
Cote (St. John-Iberville-Napierville)
Cote (Verdun-La Salle)
Cournoyer
Croll
Darroch
Dechene
Decore
Dewar
Dickey
Dumas
Follwell
Fournier (Hull)
Fournier (Maisonneuve-Rosemont)
Gardiner
Garson
Gauthier (Lake St. John)
Gauthier (Sudbury)
Gibson
Goode
Gosselin
Gour (Russell)
Gourd (Chapleau)
Gregg
Harris (Grey-Bruce)
Harrison
Helme
Henderson
Henry
Hetland
Howe
Hunter
Jutras
Kent
Kirk (Antigonish-Guysborough)
Lafontaine
Laing
Langlois (Gaspe)
Lapointe
Larson
Lefrancois
Leger
Lesage
Macdonald (Edmonton East)
MacKenzie
MacLean (Cape Breton North and Victoria)
MacNaught
McCann
McCubbin
McCulloch
McDonald (Parry Sound-Muskoka)
McIlraith
McIvor
McLean (Huron-Perth)
McMillan
McWilliam
Major
Martin
Monette
Mott
Murray (Oxford)
Mutch
Pearson
Picard
Pinard
Pouliot
Power
Proudfoot
Prudham
Ratelle
Richard (Gloucester)
Richard (St. Maurice-Lafleche)
Rinfret
Roberge
Robertson
Robinson
Rooney
Ross (Hamilton East)
Rousseau
St. Laurent
Simmons
Sinnott
Smith (Moose Mountain)
Smith (Queens-Shelburne)
Stewart (Yorkton)
Stick
Studer
Tremblay
Valois
Viau
Ward
Weir
Welbourn
Whiteside
Whitman
Winkler
Winters
Wood—129.

NAYS

Messrs:

Adamson
Argue
Balcer
Beyerstein
Black (Cumberland)
Blackmore
Blair
Brooks
Browne (St. John's West)
Bryce
Casselman
Catherwood
Coldwell
Drew
Fair
Fairclough, Mrs.
Fleming
Fraser
Fulton
Gillis
Hansell
Harkness
Harris (Danforth)
Hatfield
Hees
Herridge
Higgins
Hodgson
Johnston
Jones
Knight
Knowles
Lennard
Low
Macdonnell (Greenwood)
MacInnis
McGregor
McLure
Noseworthy
Pearkes
Quelch
Ross (Souris)
Rowe
Shaw
Thatcher
Tustin
White (Hastings-Peterborough)
White (Middlesex East)
Wright
Wylie—50.

And the house having resumed in committee of ways and means:

The Chairman: Excise Tax Act.

Mr. Drew: I wish to deal with a point of privilege before dealing briefly with the remarks of the Minister of Finance in regard to the matter now under consideration. Before the orders of the day were called I had directed a question to the Minister of Trade and Commerce, and asked whether it was the intention to exercise powers which the house had been told were provided for expressly by the Emergency Powers Act. Some question was raised as to my interpretation of the explanation given by the Minister of Trade and Commerce. For that reason I should like simply to remind the committee that the Minister of Trade and Commerce did explain that, because of his experience, he had assumed responsibility for the drafting of the bill. I would point out that before the bill was actually before the house the Minister of Trade and Commerce had explained why it was that we were having a new emergency bill brought before us to replace the emergency bill adopted last September. I would just recall these words, as reported at page 185 of *Hansard* of February 8.

Mr. Howe: May I interrupt and ask whether the hon. gentleman is talking about the emergency powers bill?

Mr. Drew: Yes.

Mr. Howe: There was a second bill—I do not recall the name of it. It was introduced in the name of the Prime Minister, but I piloted it, and it was not the emergency powers bill.

Mr. Drew: It was the emergency powers bill, the bill that superseded the bill passed last September.

Mr. Howe: That bill had a different name, I think.

Mr. Drew: The Emergency Powers Act is what it was called. In referring to that, this is what the minister said in explaining the bill that would be introduced. I am quoting from page 185 of *Hansard* of February 8:

> At its last session, parliament enacted a measure authorizing the government to control prices of materials where shortage is caused by defence purchases. Up to the present time, defence purchases have not been of sufficient volume to be in themselves responsible for shortages, although prices of steel and other war materials have been kept under close observation. Obviously a more comprehensive price control bill is needed for any effective control of the Canadian economy, and it is such a bill that you will be asked to consider.

That was the statement to which I was referring. What the Minister of Trade and Commerce said was that the bill we would have under consideration would deal with the control of supplies and be drafted wide enough to deal with prices. He said:

> It is such a bill that you will be asked to consider.

We were asked to consider the bill, and it became law. That is an explanation of the remarks that I made earlier, Mr. Chairman, and the reason I raised the question. I would add that just before he gave that explanation on February 8 the Minister of Trade and Commerce had said:

> The upward pressure on prices, both in Canada and abroad, was much less severe in 1941 than it is now.

We have the statement of the Minister of Trade and Commerce that the pressures are more severe than they were in 1941. That statement was made on February 8. I do not think anyone needs to be told that since February 8 the pressures have increased very greatly. It was because of that, and because of his explanation of the purpose of the bill, that I asked the question as to whether the minister had yet come to the decision to exercise the powers conferred under that bill.

Now, to deal with a point raised in regard to this motion before us by the Minister of Finance. In speaking about the corporation profits and taxes on these profits, the Minister of Finance explained that he did not believe it was possible to increase those taxes any more, because to do so would be uneconomic and unsound. I am not going to argue whether that is correct or incorrect. It is the explanation given by the minister as to why he does not believe it is advisable at this time to increase the rate of taxes on corporations. In other words what the Minister of Finance says is that he believes in corporation taxes to a point where he has imposed them on a very high level, but that there is some point at which they become uneconomic and unsound. I am raising that because it is a perfect illustration of the point we have been making in regard to the 25 per cent increase in the sales tax. The moment the argument is put forward against the increase to the extent of 25 per cent in the sales tax it is said, "Oh, you say now it is unsound to increase this by 25 per cent; but it has been there for some time." The implication is that any argument that this increase is severe or unsound is answered by the fact that there has been a tax there for some time, and it does not make any difference what argument may have been made against it in the past.

If the argument the Minister of Finance has made in regard to the application of corporation taxes is correct, namely that there is some critical point beyond which you cannot go without taxes becoming uneconomic and unsound, then certainly that applies with

equal force to every other tax which is on a percentage basis. Certainly it applies with greater force to a tax which has its most direct impact upon those who are the least capable of bearing that tax.

The resolution before us is one embracing eight different paragraphs. An attempt was made to have them taken up separately, but at this time I am not questioning the ruling on that point. I would point out however that we are asked by the resolution to say that it is expedient that the rate of the general sales tax be increased from 8 to 10 per cent. We have stated we do not believe it is expedient, and since the resolution cannot be divided we have no choice but to vote against it—

Mr. Abbott: Quite right.

Mr. Drew: —although, in doing so, we must vote against other parts covered in the same resolution which we admit we cannot possibly deal with individually at this time. Therefore I wish to have it clearly understood that in voting against the resolution we are voting specifically against those taxes which we have said are uneconomic and unsound, and which should not be applied at this time.

In regard to the 25 per cent increase in the sales tax, we say that in all earnestness we are pressing the Minister of Finance to withdraw that tax. We claim the budget speech and the whole of the details in the budget make it perfectly clear that there is going to be another surplus, if the predictions of the Minister of Finance are carried out, and that for this reason the imposition of the tax becomes unnecessary.

In saying that I recognize immediately that the declared surplus in the budget is not adequate to replace this tax. But when the Minister of Finance projects a $20 billion gross national product I say most emphatically that if that prediction is carried out the surplus will be much greater than that now predicted. That being so, there is no necessity for the tax, and therefore it becomes possible to oppose it without bringing forward any alternative measure. We say you can do without it, and we say this is the time to do without it, because you are imposing a highly inflationary tax at the very time when inflation is threatening our whole social structure.

The Minister of Finance has not indicated a recognition of what the imposition of this tax means to the people of this country at the present time. There are a number of reasons why the tax should not be imposed. Granted that most of the arguments against this increase would also apply to the tax of 8 per cent already in existence, we must keep in mind that some of the strongest unreserved criticisms of that tax in the past have been by members of the party to which the Minister of Finance belongs. Some of those criticisms of the tax were expressed in terms so extreme that if I were to use them myself today I would be charged with being irresponsible in the discussion of the tax.

Mr. Low: They could not be printed.

Mr. Drew: Some of those statements could not be more extreme, and they came from the highest authority in the party to which the minister belonged at that time. If those arguments are sound, then undoubtedly it would be well for us to re-examine the whole tax. But at the present time we are asking simply that the increase for which provision is made in this resolution—and that is all we have before us now—be reconsidered. Consideration as to whether there should be a general revision of the sales tax is something we can more properly discuss at some other time.

Our position is that the budget as prepared will more than take care of the expenditures projected for the coming fiscal year, if the gross national product estimated by the Minister of Finance is in fact realized. That being so we say that the increase in the sales tax should not be brought into effect.

I ask the Minister of Finance to recognize that we are putting this argument forward in the earnest belief that the government will indicate its recognition of these pressures—pressures made even more clear by the very announcement made in the house this afternoon by the Minister of Trade and Commerce respecting the last cost of living index. Let me anticipate any suggestion that the announcement that there has been an increase of over two points does not in itself increase the pressures. It increases the pressures, and for this reason: it increases them for the very fact that it is made clear to the people of Canada that, according to the latest official record, the cost of living is still on the way up, thus maintaining those pressures for unnecessary buying and other acts of that kind which in themselves are highly inflationary. At the very time when we have had an announcement of a further substantial increase in the cost of living index is the time for the government to recognize that there does come some critical point beyond which it cannot increase this tax without imposing an uneconomic burden. We believe that point is past, and we ask the government not to

impose this tax. We believe that can be done without imposing any tax in substitution for it.

Mr. Harris (Danforth): Mr. Chairman, we have all listened with keen interest to what has happened this afternoon. I could not help feeling however that the discussion has strayed somewhat from the excise tax. We have been discussing something else. My impression was that the resolution before the committee was the one dealing with the Excise Tax Act.

I recognize the reason for this tax. I know the money is needed, and I am in agreement with this method of raising money. To my mind the most important feature to be kept in view is the fact that the cost of living has been going up by leaps and bounds, while the pensions of old age pensioners, and payments made to others, seem to remain more or less stagnant. Therefore I am most anxious to see every possible dollar raised, whether it be by way of an excise tax or one on undistributed profits.

I am at a loss to understand why an hon. member from Alberta should be the one who would suggest that undistributed profits is a proper field for further taxation, when we realize that there is no province in Canada which requires more urgently moneys accruing from undivided profits for the development of its industries than does the province from which the hon. member for Peace River comes.

Mr. Blackmore: We need money for our poor people, too.

Mr. Harris (Danforth): In the thirty years I have been here in this House of Commons I have never made a set speech. I rely on the hon. members who are listening to let me state some common sense once in a while. I sometimes wonder whether I am capable of expressing that. It reminds me of many long years ago when I was six years of age and I took the hon. member for Frontenac-Addington by one hand, and the hon. member for York East by the other, and we all toddled off to the little red school house. I was asked to get up to recite a piece after the teacher had drilled us in what we should say. I remember standing on the little platform while a little mouse crept out from a hole in the floor. I remember so well rising and saying:

> I have a little friend who lives in my mouth,
> He's as red as a rose and as warm as the south;
> He has only one leg, but how quickly he goes;
> My little friend tongue, as red as a rose.

I hope I did not have my little friend tongue in my cheek this afternoon when I registered my vote. I do not think I did because I am as satisfied as I stand here that I would sooner vote with the hon. member for a tax on undivided profits or corporation earnings or depreciation reserves than I would vote for an increase in the cost of living brought about by this 25 per cent increase in the sales tax. Someone in the chamber has said that this is a tax on the poor man. Mr. Minister of Finance, I am just as sure as I stand here that this is a tax on the poor man. Charge another dollar or two for each bottle of whisky we buy, whether we consume it ourselves or buy it for our friends, and put that into the treasury. Do that by all means.

The hon. member for Peace River was exploring around to find some way to offset the cost of living, and to make sure that pensions would keep some sort of pace with the cost of living. That is what I want to see happen. Not necessarily right up with it, but the compensation to pensioners should drag along with it. Let us have an objective in mind. If the cost of living goes up 50 per cent, 60 per cent or 80 per cent, why cannot this honourable government produce the mechanism and the mechanics within the confines of its organization to follow along?

If butter goes to 80 or 90 cents per pound, we have to buy it just the same. But pensions remain stagnant. To win an election you put out the baby bonus, and I suppose to win another election you can put out this new old age pensions scheme. I do not mind them playing with babies, as I love to play with them myself; but I object strenuously to any government or any individual playing with the finer sensibilities, as far as finance is concerned, of our older people. I think that is something—I am happy the Prime Minister is in his seat—that should receive prompt attention.

I plead with the right hon. Prime Minister to see that this Excise Tax Act which we are considering this afternoon produces immediately sufficient revenue so that the ideas that are in his heart and mind today with regard to looking after the old age pensioners will be accomplished long before he declares we are going to have another election in this country. It was rumoured that the baby bonuses were used to help win an election. God forbid that old age pensions should in any way whatsoever be used for a similar purpose. If they are, that action will react and boomerang against those who use it. I am hoping that that will not be resorted to.

Going back to excise taxes, I say to you, Mr. Minister of Finance—I am glad to see you smiling a little bit, as I like to see you in that mood—that your predecessor, the Hon. Charles Dunning, was not quite so happy

when a proposition was made to him when he was sitting where you are now sitting with regard to how he, in common with the United States, could raise millions of dollars for revenue without hurting any particular industry but helping one industry that was native to this country. I refer to the Bailey amendment of 1936 passed in the United States which placed an excise tax of three cents per pound on every pound of vegetable oil imported into the country; as high as four and a half cents per pound and now one and a half cents per pound, with a quarter cent per pound duty. My reference to that indicates to my mind that the Minister of Finance missed an opportunity to raise anywhere from $2 million to $10 million by omitting to place an equivalent excise tax on the tremendous and ever-increasing imports of vegetable oil from Asiatic countries like Sumatra, Nigeria and Ceylon where the little pickaninny runs up a tree and shakes down a fruit which produces from 40 to 50 per cent of fats while the milkmaid in a dairy milks the dear old cow strenuously and gets only four to five per cent of the constituent butter fat, a part of margarine, if you want to call it margarine, which sells for 40 cents per pound, as my deskmate tells me.

What is it worth? Find out for yourself. When I was in Ceylon some time ago I saw what it is worth. I saw 15 pickaninnies, none over 12 years of age or weighing over 60 pounds, feeding into the trunk of a tree dried out coconut which was producing 20 to 30 to 40 per cent of oil. The old mother sat on the veranda with a stick keeping them going and another boy kept the donkeys or burros moving. There were six of them, four being on the end of a pole going around and around while the pickaninnies dropped in dried quarter sections of coconut and the oil was running out of the bottom of the stump into a four gallon discarded can which had originally belonged to the British navy or army or something.

I saw the father going down the road with a two-wheeled cart and a donkey in front dragging that black-as-muck coconut oil to the village. I saw them loading the oil on a ship to be shipped over here. I saw something else a few years ago which should make the members from Montreal stop and give some thought to the matter. I saw a tank steamer so heavily burdened with peanut oil from China at a cost of less than 3 cents per pound that she could not pull alongside the dock to unload. They had to lighter the ship in Montreal harbour. This was some years ago. The price is proportionate since but it is not 90 cent butter although it takes the place of it. They had to lighter the ship in the harbour before they could pull it up to any dock in the city of Montreal to unload it. They unloaded it and the product was sold in Canada around 3 cents per pound. If my friend from Fraser Valley can unload creamery butter to compete with that he is good. It cannot be done.

I say to the Minister of Finance we missed a golden opportunity this year, when he needed excise taxes and money to pay all the current liquid indebtedness, in that we did not put ourselves at least on a parity with the United States and take a cent and a half a pound on every pound that came in. We would never have missed it. It would not have affected the price of butter. You would have had the money in the treasury, and I do not think very many people would have complained much about it. It is all on the record. I see that the well has gone dry. There is no water on my desk. We had better put a $2 tax on whisky and hope it will go dry too, and we will save the minister having to pass these rules.

Some ten or fifteen years ago we were exporting great quantities of bacon to the British market and the British people had control of the bacon situation. We in Canada were a bit worried that they might put some sort of tax on our bacon going into that country. We would have had three to four and a half cents a pound on vegetable oil coming into this country, and when you get above 200 or 300 million pounds a year of a cheap commodity of that kind made by cheap labour you cannot possibly compete against it. Let us be sensible about the matter. The product from which butter is made, milk, at the very maximum only produces 5 per cent butterfat. It is a pretty good cow that will give 5 per cent. I never saw one that would. It is more likely four and a half. When you try to compete against coconuts that produce 40 pounds of fat per hundred you just cannot compete.

The purification process used does not produce a loss of more than one or two per cent in the refining process. It is the simplest thing in the world to refine it. You can hydrogenate it to any consistency you wish from limpid water in the lower grades of the fatty acids up to a consistency as hard as oak by a simple chemical process which does not take anything away from the weight of the product. When you get it to the consistency where you want to use it as a substitute for lard, margarine or butter, then all you have to do is stop your hydrogenation process at that point. I do not like quoting figures, but I was told five minutes ago that margarine is selling at 47 cents a

pound. I should like to know whether there is 15 cents worth of vegetable oil in that 47 cents.

I should like to know what portion of the 47 cents is used for the high pressure advertising which comes over the radio and is to be found in every newspaper you pick up. As a chemist, which is my profession, I know that the product is inert and pure. I do not know anything about its vitamin content, but in these modern days vitamins can be added to the product, so they say. I take a vitamin pill once a day myself, although I do not know why. They say they can add vitamins to the product. I know that it is doing a job but I know that you do not grow coconut trees in Canada. I know that you do not have much success raising peanuts in Canada. I know that you do not have much success raising palm nuts or palm fruit in British Columbia. We are not in that particular temperate zone. Let us be sensible about it. Let us be at least half as sensible as our friends in the United States.

Even when we are hard up—and we are not as hard up now as we deserve to be—at least let us make sure that we keep pace with our commitments to deserving pensioners of all kinds. I make a special plea for old age pensioners because I am reaching that category myself. I am particularly anxious that we balance the budget. In considering the Excise Tax Act, I say to the Minister of Finance in as kindly a way as I possibly can that we are very happy that he has had surpluses, but anyone who has had the privilege of preparing a budget, no matter how small the business venture is, deserves to be criticized by his board of directors if he has a far greater surplus than he should have. I level that criticism at the Minister of Finance at this stage. I say to him in the same breath that with the cost of living so high, with the world picture so disturbed, with a background of three or four budgets as a result of which there were surpluses, this is not the time to budget for any very substantial surplus. If we had had deficits for the last four years I would not have made that remark, but I think, with the experience that the Minister of Finance has had, this is not the time to budget for a surplus.

This is a time when he should try to come out more even. This is a time when he should give some consideration to all the elements that go to make up our taxation system. This is a time when he should not disturb those who find themselves encumbered by paying that extraordinary 25 per cent increase in the sales tax. I think the second avenue I mentioned might have been explored, namely, vegetable oil. Perhaps I am guilty for not having brought it to the attention of the Minister of Finance in the debate on the address in reply to the speech from the throne. Nevertheless we are on the record and two or three of the hon. members opposite me—I can see three of them in one glance—supported that issue right from the drop of the hat. We won our case before the tariff board and, as I said before, the only reason it was not imposed at that time was the fact that we did not want to disturb the British bacon market. I do not propose to move an amendment but at the same time I respectfully draw this matter to the attention of the minister and ask him to give some consideration to it. At the same time I again declare to you, sir, that I am opposed to this further increase in the sales tax for the reasons I have enumerated, and I hope that the minister will be able to see others.

Mr. Thatcher: Last Tuesday evening I expressed opposition to this tax and suggested an alternative which I felt at that time was a reasonable one. I think the announcement made by the Minister of Trade and Commerce this afternoon that the cost of living index has now gone up to 181·8 makes it all the more important that we do not pass this amendment to the Excise Tax Act. If we do I think it is reasonable to suppose that in the next month the cost of living index will probably rise three or four points instead of two points as it did in the past month. It is pretty obvious from the debate that has gone on that members in all parts of the house do not like this tax, but some of them at least feel it is necessary because of the need for revenue. It is interesting to note that in introducing the tax—I am referring to paragraph 4, which imposes the duty on appliances—the minister said that tax was needed specifically for revenue. I quote from page 1812 of *Hansard:*

> I regret that we can no longer afford to leave these entirely free of extra tax—

Later he went on to point out that this new tax would yield a revenue of $16 million. Like the leader of the opposition and others who have spoken, I feel that this tax might well be waived without giving us a deficit. I believe there is going to be a surplus sufficiently large that this tax may not be needed. But if we do accept the minister's statement that he must have this revenue I believe there is an alternative in the capital gains tax which would be less harsh on people in the lower income brackets.

I say at once that I do not like the thought of a capital gains tax in Canada. As the parliamentary assistant pointed out the other evening, there are numerous disadvantages

in that it would be hard to administer, and it would probably discourage risk capital. But I suggest that even with those disadvantages it would be better for the Canadian people as a whole to have a modest tax of that kind than the very harsh tax contained in paragraph 4 of this resolution. The other tax may be completely undesirable, but still it would be better than the one proposed. The parliamentary assistant suggested that the experience of the United States in connection with the capital gains tax had been very unfortunate. That may be quite true; yet it cannot be completely impracticable because there has been such a tax on their statute books since 1924. Some hon. members may wonder how the tax works there. As I understand, capital gains made by individuals or companies from the sale of any type of property other than normal stock in trade are subject to the tax.

Mr. Abbott: I do not like to interrupt my hon. friend but if he will permit me I should like to raise a point of order. I really think a discussion of the capital gains tax would be very much more appropriate under the income tax resolution or bill. My hon. friend has put forward the view, as he is entitled to under this resolution, that we should have a capital gains tax instead of a commodity tax as is suggested here; but I suggest that a discussion of the merits of the capital gains tax or the economic impact of such a tax should be carried on under the other resolution. If we do not proceed in that way I really begin to despair of ever reaching any finality in the discussion of these resolutions.

Mr. Thatcher: I am inclined to largely agree with what the minister has said. However, in a moment or two I am going to move an amendment which would substitute the capital gains tax for paragraph 4 of the resolution. Therefore I feel I have to give a little explanation of what I am trying to do.

I was saying that in the United States short-term gains, those made in six months or less, for income tax purposes are treated exactly as though they were additional income. Long-term gains are taxed at the rate of twenty-five per cent. I say at once I do not think that would be necessary at this time in Canada, but I do suggest that there is a place in our income tax structure for a modest capital gains tax. Therefore I move:

That clause 4 of the proposed resolution be deleted and that the following be substituted therefor:

"That it is expedient to introduce a measure to impose taxation on capital gains to the extent of $16 million so as to maintain the balance of ways and means."

[Mr. Thatcher.]

Mr. Abbott: I suggest, Mr. Chairman, that your earlier ruling with respect to the amendment proposed by the hon. member for Peace River applies to this amendment as well.

Mr. Thatcher: Oh, no; the amount is mentioned here.

The Chairman: I will put the amendment to the committee.

Mr. Knowles: But no ruling yet.

Mr. Gibson: I was just wondering if the minister was going to reply to the suggestion of the leader of the opposition that he actually did not need this extra revenue. The leader of the opposition suggested that the minister was going to have a substantial surplus, and I am rather inclined to think he may be right, going by our experience during the last five years when we had very substantial surpluses that were not anticipated. I wonder, too, about the suggestion I made to the parliamentary assistant the other evening, as to whether any consideration was given to broadening the base for the application of the sales tax, rather than increasing it. It seems to me we have done some very good things in removing the tax. We have taken it off electricity, for instance, but on the other hand it seems to me that electricity used in business signs such as those advertising beer, for instance, might well be made subject to the sales tax. Then I think of building materials, from which the tax was removed. At the same time about half our building materials go into construction used for entertainment.

Mr. Abbott: Most of it is free of sales tax.

Mr. Gibson: That is what I say. After all, a tremendous amount of building material goes into structures which definitely could not be classified as essential. So I was wondering if the minister had given consideration to broadening the base of this tax. As the Minister of National Revenue knows, he has a book about a foot thick listing all the things that are not subject to sales tax.

Mr. Abbott: I am glad to answer my hon. friend's questions, because I have always conceived that the major function of this discussion in committee is to answer questions rather than to make speeches. As to his question whether consideration was given to broadening the base of the sales tax, I have taken the position that with the exception of cortisone and ACTH there would be no further extension of the exemptions. Now to answer the question as to whether I intended to reply to the point raised by the leader of the opposition, that I was raising more money

than I needed, I have attempted to reply to that matter on at least a dozen different occasions. I have stated my considered view that I am not trying to raise more than I need. I try as much as I can to avoid repetition. I am willing to sit here and listen to views reiterated time and again, but I really do not feel that I should detain the house by answering those points more than once.

Mr. Cruickshank: I do not know whether or not I am in order, but I shall proceed until I am told I am out of order. Strangely enough, I am not going to talk about frigidaires or anything like that. I am going to be very brief, but I should like to say a word or two about the dairy industry, in connection with the excise tax on imported vegetable oils. I would like to move an amendment, but in view of your ruling, Mr. Chairman, apparently I am not entitled to do so.

In my opinion the dairy industry is rapidly being put out of action in Canada. I am surprised that far more interested and more capable speakers than I, coming from Ontario and particularly from Quebec, have not emphasized that matter already. Apparently the government do not fully realize the seriousness of the position of dairymen in Canada. Apparently the Canadian Manufacturers Association and the bankers association do not appreciate that the dairy industry is rapidly being wiped out of existence. It may not sound very important to some people, but in the years to come I think they will find just how important our 550,000 dairymen are to this country. I know I am supposed to be a little hipped on margarine, but in what I have to say I am not going to discuss its merits or demerits except to the extent that it is affecting the dairy industry. Some years ago I endeavoured to the best of my ability to prevent either the sale or importation of margarine in Canada, because representing a constituency with a large dairy industry, and going on the advice of those who had made a study of that industry, I could see the effect it would have. For the life of me I cannot understand why the Department of Finance has not put a tax on imported oils. I well remember when the hon. member for Moose Jaw brought up the matter of restrictions that were put on the importation of small automobiles from England. That was soon brought into effect by the Department of Finance in order to protect the motor industry.

Mr. Thatcher: I was objecting to it.

Mr. Cruickshank: I said the hon. member brought the matter up, as he would know if he would just listen carefully. For all I know, it was necessary that the action be taken that in fact was taken by the government in that connection. My point with regard to it is this. We act quickly when the matter concerns motor manufacturers; and we act quickly when it concerns textile manufacturers.

Mr. Byrne: It was necessary.

Mr. Cruickshank: I am not saying that it was not necessary. I am glad I am going to have some assistance from an hon. member from a mining district who is not as interested as are some other hon. members from Saskatchewan and Ontario in the manufacture of butter. I do not say it was not necessary to the employees or to protect the manufacturers. What I say is that the Department of Finance immediately grasped the subject and took action. The textile producers are well protected and well cared for. But apparently the dairy industry in Canada is to be thrown to the dogs. Is it not worth while protecting? It must not be forgotten, Mr. Speaker, that these vegetable oils, which are imported and used in the manufacture of a substitute for butter in the form of margarine, can also be used to manufacture ice cream, milk for sale for human consumption over the counter, and other dairy products. The ruling of the privy council was adverse to the welfare of the dairymen of Canada. Apparently the long view has not been taken to protect this industry of over 500,000 actual dairy farmers and, I understand, many thousands of small creameries. But for the benefit of five or six manufacturers of margarine, this cheap oil is allowed to be brought in. For the benefit of one of the New Brunswick members, may I point out that I am not saying whether margarine is good or bad in this case. I am trying to speak purely for the benefit of the dairy farmers and creameries.

Nobody can tell me that we produce coconut oil in Canada. Last year we brought in roughly 10 million pounds of coconut oil—and I am speaking of pounds, now—produced by the class of labour described by the hon. member for Danforth. I wish the government would see fit to send me on one of these trips, so that I might view these things at first hand. I am still hopeful that I shall be sent as an envoy across to Hull or to some place at an equal distance, with all expenses paid.

I have here some figures with regard to the consumption of oils and fats in margarine, January-September, October-December, and total for 1950. These figures are in thousands of pounds, and all figures are on a refined oil basis. This is going to take a

little bit of time; but in a limited way and, I will admit, with limited ability, I am trying to say something which I think is of great importance at this time if we are to admit openly, as apparently do those who prepared part of the budget, that we are willing to throw the dairy industry to the wolves in Canada. These figures are of vital importance. As to vegetable oils, from January to September, 1950—and these figures are in thousands of pounds—we put into margarine 5,621,000 pounds of coconut oil; in the fourth quarter, the figure was 2,236,000, making a total of 7,857,000 pounds of coconut oil that went into margarine in the year 1950.

Possibly some of the hon. members who do not believe in protecting the dairy industry know where they can produce that coconut oil in the Dominion of Canada; but I may say that I do not know. Certainly it cannot be produced in the Fraser valley. Then as to cottonseed oil—and I should like to know where that oil is produced in Canada—from January to September, 1950, 32,717,000 pounds were used in the manufacture of margarine, and in the fourth quarter, 9,389,000 pounds, making a total of 42,106,000 pounds.

I now come to soybean oil. A certain amount of soybean oil is produced in Canada. We had better look to the Minister of Finance because he has these experts who know all these things. They must know all these things or how could he not arrive at an excise tax on imported oils? He therefore would have right at his finger tips the figure as to how much soybean oil was produced in Canada. The total amount used in margarine last year, was 18,187,000 pounds; and the total amount of sunflower seed oil so used was 3,178,000 pounds and of other vegetable oils, 965,000 pounds.

As I see it, Mr. Chairman, the matter boils down to this question: Is the dairy industry to be maintained in Canada or is it not to be maintained? There is no other alternative. This has nothing whatever to do—and I again repeat it—with the merits or demerits of margarine. The question simply is whether it is worth while to maintain the dairy industry in Canada or whether it is worth while to build up a vast fortune for some six concerns, as the hon. member for Danforth says. He knows better than any other member of this committee the details of this business. Through experience, he knows the details; I do not. I doubt if any other member in this chamber knows the processing details in connection with that particular line of business. I do not know what the solution is, but I would certainly have an amendment, if it would be in order, to the effect that an excise tax be put on these oils.

Mr. Chairman, when it is said that this is a cheap substitute for natural butter, I would just ask you to bear in mind that when butter went up in price these oils imported in 1950, which went into the manufacture of margarine, went up; and up went your margarine three cents a pound. Just remember that, Mr. Chairman.

An hon. Member: Ten cents.

Mr. Cruickshank: Ten cents or whatever it was. I think every hon. member in the chamber will agree with me that it is obvious that this product, which was supposed to supplant butter with those who were unfortunately not able to pay the price that butter had reached, namely margarine, went up in price after that oil was imported; and as I pointed out, some ten million pounds of coconut oil alone from the cheap producing countries was used, with no excise tax whatsoever. It just does not make sense. Either the government, through the Minister of Finance, will have to admit that the dairy industry is to be thrown to the wolves or that it is not.

I am getting a little interruption here. Never since I have been here in the House of Commons have I been as serious about anything as I am with regard to this matter. I regret that I have not the ability to put before the committee what I should like to put before it. I hope that hon. members from Quebec and Ontario particularly will follow me and speak along these lines. I was sent back here to represent dairy farmers in the main. I myself own a dairy farm. I realize that my dairy farm and others in my riding are rapidly losing their value, as such, and will continue to do so if we are going to permit these oils to be imported as they have been. What would have happened if that experiment in west Africa, I think it was, had been successful with regard to peanut oil? Any hon. members who have read the history of that experiment know the quantity of peanut oil that could have been produced, and the cost at which it could have been produced, and the price at which it could have been sold. The hon. member for Danforth mentioned peanut oil. I have not here the figures as to the quantity that has been imported. Is that to be continued? If one of my colleagues were here he would say: I thought you were a free trader. I am still a

free trader, but we cannot have free trade just for one class of producer and not for others.

Speaking from memory, I believe we are permitted to bring in hay driers, litter carriers, and one or two other items, from the United States free of duty. In the current year that will not affect more than fifty farmers in my riding, but tens of thousands of farmers will be affected if vegetable oil is permitted to be brought in without a suitable tax being put on it. It is unfair competition. To carry it a little further—I do not like quoting figures, but incidentally these are authentic figures prepared in the bureau of statistics. Some of them were prepared through the courtesy of the dairy council of Canada. Incidentally, the dairy council of Canada represents all the dairymen of Canada, irrespective of where they come from. That council is guided by very responsible men, and they are particularly worried at this time, as they see the situation, as to whether the industry will be able to continue. Do not forget that the dairy industry does not include merely butter. It includes cheese, etc., and the necessary milk for human consumption on the fluid market.

For the year 1949—that is the latest year I have—the ratio of cows to population was as follows: Prince Edward Island, 2·1; Nova Scotia, 6·6; New Brunswick, 5·1; Quebec, 3·5; Ontario, 3·5; Manitoba, 3·2; Saskatchewan, 2·4; Alberta, 2·8; British Columbia, 11·9; average 3·7.

I cannot conceive why such a responsible organization as the Canadian Chamber of Commerce, which is familiar with all the bank reports published every month by the responsible heads of these banks, have not realized that it is not just a question now of talking about whether we like margarine or not. We are now talking about an industry that affects over 500,000 farm homes alone, as well as additional homes that are concerned in other ways with farm production. I am going to quote what the parliamentary assistant said, as reported at page 2595 of *Hansard*:

> We must give some incentive to the people to put their money into venture capital, in our mines, in our forests, in aluminum plants and things like that.

Since these words were used by the parliamentary assistant to the Minister of Finance in this discussion I presume he was speaking for the Department of Finance. If that is true, it is not unreasonable for the dairy farmers to ask that they be given reasonable protection against the importation of oils which are produced in cheap labour countries on cheap land, with low taxes, and by people on a low standard of living. If the parliamentary assistant was expressing the policy of the Department of Finance in that connection, which he must have been—and I have no quarrel with his statement—surely it should carry forward and protect the dairy farmers of Canada. Always remember that of all the farmers in Canada the dairy farmer works the longest hours 365 days a year. He is—and I think even my wheat-growing farmer friends will agree with me in this—the backbone of agriculture in the country. I am sorry that I cannot move an amendment. More than ever during my term in parliament I regret the fact that I have not the ability to put before the government and before parliament just how serious the matter is in my opinion. Either we maintain the dairy industry in Canada or we do not.

Mr. Abbott: I wonder whether I may say a word. I did not want to interrupt the hon. member for Fraser Valley. He prefaced his remarks by saying he wondered whether he was in order. I do not think he was. I must confess I did not think my good friend the hon. member for Danforth was strictly in order either, but since he had made his remarks—

Mr. Harris (Danforth): I want to know at what stage I was not in order. I was very circumspect, very careful to stick to excise taxes, pointing out why they were being raised. I resent the Minister of Finance saying that I was out of order.

Mr. Abbott: In order to explain that, Mr. Chairman, may I say it seemed to me that in suggesting import duties on vegetable oils it would more properly come under the resolution dealing with customs. I do not want to get into any quarrel with my hon. friend.

Mr. Harris (Danforth): On a point of order, if I may; I never for one moment suggested that a quarter of a cent a pound import duty be placed on vegetable oils. I say to the Minister of Finance that I recommended only an excise duty in a like manner as happened in 1936 under the Bailey amendment in the United States, which put an excise duty on vegetable oils going into the United States, but omitted entirely an import duty.

Mr. Abbott: I am not going to argue the point, but I am expressing the hope that we may not have to conduct here a debate as to the position of the dairy industry. Let it be understood at once that I am expressing no

views as to the position of the dairy industry. I was born and brought up in one of the best dairy sections of Canada.

Mr. Harris (Danforth): I was very careful not to mention the dairy industry at any stage.

Mr. Abbott: I am now referring to the remarks of the hon. member for Fraser Valley. I am just suggesting, Mr. Chairman, that we should try to restrict our comments to the excise taxes to be imposed—

Mr. Harris (Danforth): That is what the member for Danforth did all the way through.

Mr. Abbott: We will assume he was quite justified. There will be a 10 per cent sales tax on vegetable oils and on margarine of course, because both of these products are subject to sales tax. And if anyone wants to direct his remarks to that phase of it I think he will be strictly in order; but I do express the hope that he will not get into a discussion as to the position of the dairy industry. If the dairy industry is entitled to protection under the customs tariff, then appropriate representations should be made to the government, because it is the government that decides these things. If it seems justified, no doubt a tariff will be put on; but the trend in recent years, as the committee knows, has been not to increase tariffs. I do not very often get much support, even if I were prepared to suggest it myself, for that policy. But nevertheless, that is a matter which comes primarily, I think, under the customs tariff. So far as I know we impose now no special excise taxes as such on any imported products. We have tariffs on a wide variety of them, but there are no special excise taxes on imported products. I would appeal to the committee to try and stick as closely as possible to the excise tax.

Mr. Cruickshank: I would like to ask the minister a question. Am I to understand that the dairy council has not asked the government for any excise tax on imported oil?

Mr. Abbott: I do not recall that we had any representation.

Mr. Cruickshank: You have a very short memory.

Mr. Abbott: In relation to the tariff, there is a varying—I sent out for information as to the tariff. There are tariffs imposed at varying rates on imported vegetable oils, but perhaps it would be better for me to practise what I preach, and that I give that information on the customs tariff.

Mr. Fulton: Mr. Chairman—

[Mr. Abbott.]

The Chairman: Order. Before going any further I should like to know if any other hon. member wants to comment on the point of order raised by the amendment of the hon. member for Moose Jaw.

Mr. Fournier (Hull): Page Mr. Knowles.

Mr. Knowles: When I get an invitation, sir, from yourself, and from the Minister of Public Works, it is pretty hard to resist it.

The Minister of Finance suggested shortly after my colleague from Moose Jaw moved his amendment that your previous ruling, that on the amendment offered earlier today by the hon. member for Peace River, applied in this instance. As I recall, there were two aspects of the ruling you made an hour or so ago. In part that ruling dealt with the question as to whether or not an amendment in ways and means was in order if it proposed to substitute a tax in blanket form. The other aspect of your ruling had to do with the question as to whether or not a proposal for a tax that comes under income tax legislation was relevant when the matter of excise tax was before the committee.

I notice, sir, that you are nodding your head. I shall assume that I am correct that your ruling contained those two parts, and I shall now deal with them, in view of the fact that the Minister of Finance has suggested that the same ruling should apply to the present amendment.

With respect to the first part I think it is only fair that I be permitted to put on the record the fact that in recent times, to my knowledge, there have been four amendments of this type made in committee of ways and means. There may be others; but there are four, the records of which I have here.

On March 22, 1948, as recorded at page 2490 of *Hansard*, when the Excise Tax Act resolution was before us, I moved:

> That clause 1 of the proposed resolution as amended and clauses 2, 3 and 4 be deleted therefrom, and that the following be substituted therefor:
>
> "That it is expedient to introduce a measure to impose taxation upon excess profits to the extent necessary to maintain the balance of ways and means."

That amendment was allowed by the then deputy chairman, the present Senator Golding. Then, in 1949, as recorded at pages 1627 and 1628 of *Hansard*, an amendment was moved by my deskmate, the hon. member for Melfort, dealing with ice cream and similar commodities. That amendment was worded differently from the one in 1948. The 1949 amendment was ruled out of order by the deputy chairman, the hon. member for Vaudreuil-Soulanges. That ruling was the one that you, sir, as chairman of the present

committee, quoted an hour ago when you were dealing with the amendment moved by the hon. member for Peace River.

The next amendment in the series is the one I moved only a few days ago, on April 26 of this year, as recorded at page 2415 of *Hansard*. My amendment on that occasion was:

> That clause 1 of the proposed resolution be deleted and that the following be substituted therefor:
>
> "That it is expedient to introduce a measure to impose an additional tax on spirituous liquors to the extent necessary to maintain the balance of ways and means."

The parliamentary assistant to the Minister of Finance took objection to that amendment on the ground that it should have given a specific amount. But you, sir, being in the chair on that occasion, although you did say you would like to have had time to think it over to a greater extent, nevertheless expressed the opinion that it was in order and you put the question.

Of the three amendments I have just quoted, two were allowed. Those two were in precisely the same language, using the expression, "to the extent necessary to maintain the balance of ways and means." One of those three, namely the middle one, which was ruled out of order, was worded in language different from that of the two allowed. I ask you to note that the one that was disallowed was worded differently from the other two.

The fourth of the amendments in these series is the one moved this afternoon by the hon. member for Peace River. It was worded in the same way as the two that were allowed, namely the one I moved in 1948, which was allowed by Mr. Golding, and the one I moved last Thursday which was allowed by yourself.

You, sir, today chose to reverse your ruling of last week on the basis of the ruling of the deputy chairman on November 10, 1949. But in reversing your ruling you did say that what was wrong with it was that it did not set out a tax specific in amount.

I cannot quarrel with the ruling you made on the amendment of the hon. member for Peace River. I sought to do so, but I was stopped. My suggestion is, however, that the ruling you gave then laid down a point which has been met by my colleague from Moose Jaw. You said that what was wrong with the last amendment was that it did not set out a tax specific in amount. The hon. member for Moose Jaw has now presented an amendment which sets out the specific amount of $16 million, which is the amount which would be lost by dropping the tax on electric refrigerators, stoves and washing machines. Furthermore the amendment of the hon. member for Moose Jaw uses the key words which were held to be in order by Mr. Golding on March 22, 1948, and by yourself only last week, on April 26, 1951, namely the words, "to maintain the balance of ways and means."

I submit therefore that, with respect to the first aspect of the ruling you gave an hour ago, the point has been met and the amendment should be allowed. In this connection I think notice should be taken again of citation 500 in Beauchesne's third edition, which states:

> Though it is the function of the committee of ways and means to impose rather than to repeal taxes, examples of the repeal of taxation effected in this committee are to be found upon the journals. Proposals for the variation or modification of taxation can therefore be made in the committee; but these proposals must be grafted upon the financial scheme submitted by the government, and must not affect the balance of ways and means voted for the service of the year. Amendments, therefore, can be proposed to substitute another tax, of equivalent amount, for that proposed by the government, as, for instance, a proposal to substitute probate and legacy duty on real property as an alternative for an inhabited house duty, the necessity of new taxation, to that extent, being already declared on behalf of the crown.

I think that at some point in our attempt to make an amendment based upon the right set out in that citation we should have the matter settled. If you have ruled that the kind of amendment moved by the hon. member for Peace River today is out of order because it does not set out a specific amount, you should therefore rule the present amendment in order because it does what you ask, and does what citation 500 says is in order, namely it proposes to substitute another tax of an equivalent amount for that proposed by the government.

The government proposal is for a tax on electric refrigerators, stoves and washing machines which the Minister of Finance says will raise $16 million. The hon. member for Moose Jaw asks that that tax be dropped, and that there be a tax on capital gains to the extent of $16 million to maintain the balance of ways and means.

I leave that first aspect of your ruling of an hour ago—although by this time, it may be an hour and a quarter ago—and come to the second aspect of it, namely, as to whether it is good practice on a resolution dealing with the Excise Tax Act to move an amendment that seeks to alter both the Excise Tax Act and the Income Tax Act. I take it that any tax on capital gains would have to be imposed under the Income Tax Act.

In this connection I am going to rely on another authority, this time the Minister of Finance (Mr. Abbott).

Mr. Abbott: He is not an authority on procedure. I yield the palm to you there.

Mr. Knowles: The Minister of Finance has made statements on two occasions which I think are to the point at this time. Last evening when we were discussing procedure —we are spending a lot of time on that in this budget debate, and it could have been avoided so easily—I proposed that we deal with this present resolution in an orderly fashion and discuss it paragraph by paragraph even if we did not take a vote at the end of each paragraph. The Minister of Finance objected and said that the whole resolution was before us and as long as it was before us hon. members ought to be free to jump from a discussion of one tax to a discussion of another, or hon. members who were not here when one tax was up for discussion should be able when they came in to discuss a tax that had been discussed previously.

If the Minister of Finance takes that position I think he should be logical and the committee should be logical and realize that we have before us, not just the one resolution but the whole budget presented by the minister. When the minister finished his speech on the night of April 10 he did not present to the committee just one resolution, he presented several. He presented a resolution having to do with the Income Tax Act, one having to do with the Excise Tax Act—

Mr. Abbott: Three.

Mr. Knowles: And one having to do with the Customs Tariff. That makes three, and three is several, so we are all agreed. There are three resolutions before this committee of ways and means. Furthermore, my same authority, the Minister of Finance, when speaking in the house on the budget on the night of April 10, as reported on page 1812 of *Hansard*, said:

> If hon. members have succeeded in following my estimates of additional tax yields they will realize that my proposals so far leave me about $100 million short of my necessary objective of $400 million to balance this year's budget. My range of choice to secure this remaining $100 million is really limited to more than doubling the increase I have already proposed in the personal income tax, which could only be achieved by a sharp lowering of exemption levels, or an increase in the sales tax.

I do not agree with the Minister of Finance when he says that he is limited to two alternatives. However, I ask you to note that the Minister of Finance suggested that the point was reached where he had to decide between two forms of taxation to achieve a balance. Something was said the other night by Mr. Speaker about private members having the same rights as ministers. We were discussing another point of order at that time. I submit that, if the Minister of Finance has the right to survey the whole field of taxation and decide whether he is to raise the money that he is short by taxation under the Excise Tax Act or by taxation under the Income Tax Act, the committee has that same right.

We now have before us three proposals, but we are dealing in particular with two resolutions, one with regard to the Income Tax Act and one with regard to the Excise Tax Act. We should have the right to register our decision. The minister has decided to raise what he is short by an increase in the sales tax and in other excise taxes. We suggest that some of the money that the minister proposes to raise under the Excise Tax Act should not be raised in that manner but should be raised by means of a capital gains tax, even though that comes under the other resolution. As a matter of fact, if the resolutions had been taken up in committee of ways and means in the order in which the minister put them on the order paper we would have dealt first with the Income Tax Act resolution. However, the minister proposed that we deal with this resolution first, which was his privilege.

My point is that the whole of the minister's budgetary proposals are before us. If there is any validity in citation 500 in Beauchesne's third edition—a similar citation will be found at page 431 of Bourinot—if there is any substance in the right of the committee of ways and means to propose an alternative so long as the balance of ways and means is maintained, the committee should be able to exercise that right in the form set out in the amendment of the hon. member for Moose Jaw.

To recapitulate, because the hon. member for Moose Jaw asks for a tax which is an alternative to the one proposed by the government, he is in order under citation 500. He meets the provisions of citation 500 and he meets the requirement you added this afternoon by naming the specific amount of $16 million. He meets the requirement that the balance of ways and means be maintained; he says so right in his amendment. As to relevancy, I suggest, as I have just been arguing, that we have all the minister's budgetary proposals before us and we should have the right to move a substitute tax as is contended by the authorities on procedure.

The Chairman: I thank the hon. member for his able remarks. The amendment moved by the hon. member for Moose Jaw reads:

> That clause 4 of the proposed resolution be deleted and that the following be substituted therefor:

"That it is expedient to introduce a measure to impose taxation on capital gains to the extent of $16 million so as to maintain the balance of ways and means."

In my opinion this amendment represents no substantial change from the earlier amendment. It is true that the total amount to be raised is stated, but it is necessary to specify the rate of the tax to be imposed. Let me quote again my previous ruling: "This question was settled by a chairman's ruling on November 10, 1949, where it was made clear that the tax to be substituted must be specific and must clearly preserve the balance of ways and means". If the ruling were otherwise, the persons affected would not be aware of the rate of taxes to be applied to them. I think that my present ruling comes within the sense, if not the wording, of my earlier ruling. As a second ground, I rule that this amendment concerning a capital gains tax is not relevant to this Excise Tax Act resolution (see citation 344 of Beauchesne's third edition). The rule of relevancy in amendments applies in committee as in the house, and the amendment is out of order on this ground also.

Mr. Knowles: I appeal from your ruling.

Mr. Speaker resumed the chair, and the chairman of the committee made the following report:

Mr. Thatcher moved an amendment to clause 4 of the Excise Tax Act resolution as follows:

"That clause 4 of the proposed resolution be deleted and that the following be substituted therefor:

'That it is expedient to introduce a measure to impose taxation on capital gains to the extent of $16 million so as to maintain the balance of ways and means'."

The chairman ruled that the amendment was out out of order on the ground that the tax to be substituted was not sufficiently specific and was irrelevant to the excise tax resolution. From that decision Mr. Knowles and others appealed.

The house divided on the question: Shall the ruling of the chairman be confirmed? And the ruling was confirmed on the following division:

YEAS

Messrs:

Abbott
Adamson
Anderson
Applewhaite
Arsenault
Ashbourne
Balcer
Bater
Beaudoin
Benidickson
Bennett
Bertrand
Black (Cumberland)
Blair
Blanchette
Blue
Boisvert
Boivin
Bonnier
Boucher
Bradley
Breithaupt
Breton
Brown (Essex West)
Bruneau
Byrne
Cameron
Campney
Cannon
Carroll
Carter
Casselman
Cauchon
Cavers
Clark
Cleaver
Cloutier
Conacher
Cote (St. John-Iberville-Napierville)
Cote (Verdun-La Salle)
Coyle
Croll
Darroch
Dechene
Decore
Dewar
Dickey
Drew
Dumas
Fairclough, Mrs.
Follwell
Fournier (Hull)
Fournier (Maisonneuve-Rosemont)
Fraser
Garson
Gauthier (Lake St. John)
Gauthier (Sudbury)
Goode
Gosselin
Gourd (Chapleau)
Green
Gregg
Harkness
Harris (Danforth)
Harris (Grey-Bruce)
Harrison
Hees
Helme
Henderson
Henry
Hetland
Higgins
Hunter
Jutras
Kent
Kirk (Antigonish-Guysborough)
Lafontaine
Laing
Langlois (Gaspe)
Lapointe
Larson
Lefrancois
Leger
Lennard
Lesage
Macdonald (Edmonton East)
Macdonnell (Greenwood)
MacKenzie
MacLean (Cape Breton North and Victoria)
McCann
McCubbin
McCulloch
McDonald (Parry Sound-Muskoka)
McIvor
McLean (Huron-Perth)
McLure
McMillan
McWilliam
Major
Martin
Mayhew
Monette
Mott
Murray (Oxford)
Mutch
Pearkes
Pearson
Picard
Proudfoot
Prudham
Ratelle
Richard (Gloucester)
Richard (St. Maurice-Lafleche)
Rinfret
Roberge
Rooney
Ross (Souris)
Rousseau
Rowe
St. Laurent
Sinnott
Smith (Moose Mountain)
Smith (Queens-Shelburne)
Stewart (Yorkton)
Stick
Stuart (Charlotte)
Studer
Tremblay
Tustin
Valois
Ward
Warren
Weir
Welbourn
White (Hastings-Peterborough)
Whiteside
Whitman
Winkler
Winters
Wood—140.

NAYS

Messrs:

Argue
Beyerstein
Blackmore
Brooks
Bryce
Coldwell
Fair
Fleming
Gillis
Hansell
Herridge
Hodgson
Johnston
Jones
Knight
Knowles
Low
MacInnis
McGregor
Noseworthy
Quelch
Shaw
Thatcher
White (Middlesex East)
Wright
Wylie—26.

And the house having resumed in committee of ways and means:

Some hon. Members: Six o'clock.

At six o'clock the committee took recess.

AFTER RECESS

The committee resumed at eight o'clock.

Mr. Noseworthy: Mr. Chairman, inasmuch as the Liberal majority in this chamber has decreed that we must take this omnibus excise tax resolution in toto rather than section by section, I find myself in the same position as other hon. members in the committee, namely, that I have no choice but to vote against the resolution in its entirety. I shall do that not because I am opposed to every section of the resolution but because I am so greatly opposed to certain sections, particularly paragraphs 1 and 4, that I cannot support the resolution. I was prepared to support a number of the amendments which you, Mr. Chairman, in your wisdom have decreed to be out of order; and I find that it would probably be difficult to move any amendment or to suggest any changes which will likely be acceptable.

I particularly want to deal with paragraph 1, that pertaining to the sales tax. I am opposed to the sales tax on fairly general principles; and I think those principles were stated very clearly by the executive council of the Canadian Chamber of Commerce in a letter forwarded to the Prime Minister on January 17 of this year. It is not always that I find myself in agreement with the chamber of commerce—

Mr. Gibson: They must be wrong.

Mr. Noseworthy: —but in this particular I am. As to the sales tax, they say they are opposed to it on the ground that:

> . . . indirect taxes are hidden taxes and as such are not conducive to public tax-consciousness and hence lead to indifference rather than careful scrutiny of government expenditures.

I think that is one fairly good ground on which to oppose the sales tax and, certainly, the increase in the sales tax which has been proposed in the budget.

I am opposed to the sales tax because I fail to see how that tax can have any other effect upon the cost of living than to increase it. I cannot see how that tax can be increased without, at the same time, adding further to the increased cost of living. Certainly with the cost of living rising, as indicated in the statement this afternoon by the Minister of Trade and Commerce, I suggest that we in this parliament should be taking measures to halt or to reduce that cost rather than measures which, I think we must all admit, can do nothing more than raise that cost still higher.

To the extent that this increased sales tax raises the cost of living, it will give to workers across this country an added incentive to ask for increases in pay and we shall have that deadly spiral continuing. We shall be going on from one increase to another. To the extent that this tax raises the cost of living, it will also raise the cost of government. It will raise the cost price of those things that the government itself must purchase, and that increased cost will be felt in government at every level. It will be felt in increased cost of government at the federal, the provincial and the municipal level. Every municipal council across this country will find itself obliged to increase its mill rate because of this rising cost of living, to which the tax we have proposed in this present resolution will be a contributing factor.

I think economists are agreed that a hidden sales tax has the effect of retarding business. So far as it retards business, the government will lose in other forms of taxation possibly more than it will gain from an increase in the sales tax. I do not know just what consideration the minister has given to the extent to which an increased sales tax will retard business activity; but economists everywhere are agreed that that is the effect of a sales tax upon business. One hundred United States economists, in a signed statement to a former president of the United States, had this to say:

> A sales tax reduces real wages, diminishes purchasing power, and puts a brake on industrial and business activity.

I submit that this is no time for us to consider the application of measures which will reduce real wages and diminish purchasing power of our people, and put a brake on industrial and business development. We have heard a great deal in this house, and particularly from members of the cabinet, concerning the need for increased production. We have heard a great deal to the effect that if we are to stabilize the rising cost of living, if we are to check it, we must do so by increased production. I submit that the increase in the sales tax will retard rather than increase production. It will have the effect of retarding production at a time when production is very essential.

A sales tax adversely affects the small businessman in contrast with larger business concerns. Here again we must agree that

larger concerns carrying a much greater variety of goods and at varying high and low prices are in a much better position to pass the tax on in the aggregate than is a small business. The tax favours big business, as do many other measures introduced by this government, and as do many other policies being followed by this government. I shall have more to say on that point later.

A sales tax again bears hardest on the poor, and those less able to bear that tax. Even with no sales tax on most of the essential foods, on certain building materials, and with other exemptions, the poor man who today has to clothe and house a family will find his tax bearing more heavily upon him than will the wealthy bachelor who has no one to clothe or to house but himself.

While certain essential articles are exempt from the sales tax, nevertheless many of the ingredients that are used in some of these finished products which are exempt are themselves taxed, and indirectly the sales tas has an effect upon the price of many of the articles that are supposed to be exempt from the tax.

Clothing, household furniture, children's clothes and shoes, are just about as essential in a country with our climate as is food. It is just as essential to keep a pair of shoes on a child's feet in this country as it is to keep a roof over that child's head. In taxing that clothing and many of the articles that are required in a home, the government is making it more difficult—more difficult than is necessary—for those who are attempting to keep homes together and to raise families in this country to do so.

Mr. John H. Gray, former president of the American Economic Association, has this to say regarding sales tax:

> The sales tax is one more attempt to put the burden of taxes on the poor. It violates every canon of taxation accepted in the civilized world for 150 years.

It is a little surprising to find a Liberal government increasing the sales tax by 25 per cent. So far as I know the two other outstanding countries, except Canada, in the world today, that can boast of a 10 per cent sales tax are Russia and Spain. There is in both of these countries a 10 per cent sales tax. The Liberal government is certainly putting Canada in good company when it puts us in a class with either of those countries. As a matter of fact if the Liberals of this government—if there are any Liberals left in the government—were loyal or true to the professed principles of Liberalism they would have wiped out the sales tax altogether instead of seeking now to increase it. The one party that down through the years of Canadian history has most steadfastly opposed the imposition of sales tax has been the Liberal party. If you follow the history of the sales tax in other countries you will find that in every country and in every age it has been those governments that were farthest removed from the common people and who were most reactionary in their policies that have led the world in the imposition of the sales tax, led the way that this government is following at the present time.

Ways and means have been suggested to the minister from this side of the house whereby the sales tax, as referred to in clause 1, and the tax referred to in clause 4, could be avoided or alternative means of providing the necessary funds be found. The government has steadfastly refused to accept any of those suggestions. They will, in their steamroller style, force this Excise Tax Act through parliament. I do not doubt for a moment that, regardless of what the people of this country may think, those who sit on the Liberal benches will follow the direction of government ministers and vote to support this act.

If hon. members were duly concerned with the critical situation in which the country finds itself today, and gave recognition to the one control which parliament exercises over government, this government would not get a grant of even one dollar from parliament until some satisfactory steps were taken to curb the rising cost of living, instead of adopting measures that can only further increase that cost. If those sitting on the Liberal benches would consider, instead of government policy, the express wishes of the majority of the people in this country, they would line up with the opposition groups and refuse to grant one dollar to the government until steps are taken to check the rising cost of living.

Mr. Knowles: I should like to ask a question about paragraph 5 which deals with the excise tax on cigarette papers and cigarette paper tubes, something about which I do not know as much as perhaps some other hon. members. Representations have been made to me by small grocers concerning the position in which they are left owing to the fact that they had on hand, as of April 10, stocks of these papers on which they had paid the tax.

As the minister knows, when the tax did apply to these cigarette papers the amount of that tax was more than the cost of the papers. It has been represented to me by small grocers that the mark-up on these papers was very slight and the profit very

small, and that they are left in a most unfavourable position so far as their stock of cigarette papers is concerned.

By virtue of the minister's announcement on April 10 there can be no refunds in connection with stocks on hand. How long has the practice obtained that was reflected in that announcement? In addition to any formal answer the minister might make, would he add something that shows he appreciates—as I urge him to appreciate it—the position in which these small grocers are placed.

Mr. Abbott: I am aware of the situation. The practice of granting no refunds is one which has existed for many years, virtually from the beginning of the imposition of these taxes. Information which has been reaching me is that in fact the retailers are working off their stocks at the old price, and that they have not reduced the price. Then of course there is some compensating advantage in the fact that their inventories of tobacco would have been tax-paid at the lower price. So that if they followed the usual and legitimate practice of charging for inventory on hand the tax-paid price, thereby providing for possible future reductions in taxes when they would have stocks on hand at the higher prices, as was the case here in connection with cigarette tubes, then I think it is unlikely that there is any real hardship involved in the situation to which my hon. friend referred. I have had complaints that retailers are not reducing the prices on cigarette papers and tubes—and they are not obliged to do so.

Mr. Knowles: Representations made to me indicate real hardship. The amount involved is not great, perhaps, but when one considers the case of the small corner grocery store one must realize that it is not a big business. Any loss he has to take is a loss indeed. It seems to me from the position taken by the minister that if he denies to these people the right to get any refund, as he has just said, he is encouraging them to charge for taxes on stocks on hand in cases where they have not paid the taxes. We have complained about that; but the minister puts people in that position when he says to them, "That is what you have to do in order to make up for your other loss." Surely there is a better way.

Mr. Abbott: That has been the practice for a great many years, as most members of the committee are aware. The question of making refunds, when there are reductions in taxes on stocks in the hands of retailers, is completely impracticable and would leave the door open to grievous kinds of abuses.

In the eight or nine years I have been connected with the department and, I am told, long before that, the practice I announced in the budget, namely that there would be no refund on the cost of tax-paid goods, has been followed.

Mrs. Fairclough: I know for a fact that that has been the practice, but it works a great hardship on people who have goods in transit at the time the tax is lowered. Many times when goods are shipped by freight they are delivered as much as a month after the date of the lowering or the repeal of the tax. Those people must pay the tax, and then they are forced to absorb it. In some cases it involves large amounts.

Mr. Abbott: That is really a slow freight, if it takes a month.

Mrs. Fairclough: I am sure the minister remembers in particular the case of sugar.

Mr. Quelch: Would the minister explain in detail just what are the taxes on a package of cigarettes? I understand that on a package of twenty cigarettes the price of which is forty cents, around twenty-eight cents is taxation.

Mr. Abbott: The federal tax is now twenty-three cents on a package of twenty cigarettes, plus sales tax.

Mr. Argue: The second paragraph states that there shall be an excise tax on goods mentioned in schedule I of the act, and on furs. What type of furs does this include? Is it all furs, or furs in the raw or finished state?

Mr. Abbott: Dressed and dyed furs.

Mr. Argue: I am not objecting to a tax on some furs, but I think in a country like Canada, where we have temperatures down to forty degrees below zero, a fur coat for a lady is certainly not a luxury. The tax should not be placed on those furs which ordinarily go into the making of one of the cheaper coats. Would the tax apply to the lambskins or sheepskins which go into the production of mouton?

Mr. Abbott: I am not an expert in furs, but I am informed it is not applied on sheepskin shearlings, whatever that may be; but it is on other dressed and dyed furs. I remember two or three years ago we had a sharp discussion as to whether a fur coat in a climate such as we have was a luxury. I was quite prepared to consider that it was not.

Mr. Fair: I believe the sheepskin shearlings would be the taxes the minister is going to collect from the taxpayers when this budget is passed. The Minister of National

Revenue will look after gathering up the fleeces. It does not matter whether people have even their shorts on, as was suggested a few nights ago by the hon. member for Macleod, the Minister of National Revenue will get his pound of flesh anyway.

Mr. Abbott: The Secretary of State for External Affairs suggests that it might be described as the golden fleece.

Mr. Fair: I was going to ask the Minister of Finance whether there are any taxes in addition to the 23 cents that he intends to collect, plus the sales tax. Are there any provincial or other taxes levied on raw tobacco that are not included?

Mr. Abbott: I understand that there are in some provinces. I am not too conversant with the provinces other than my own province of Quebec, but I do know that in Quebec there are additional taxes.

Mr. Quelch: The 23 cents is before the minister's tax is applied?

Mr. Abbott: No, that includes the additional tax here.

Mr. Shaw: Mr. Chairman, when speaking earlier this week on this Excise Tax Act amendment I expressed my unalterable opposition to clause 1. In doing that I was expressing also the unalterable opposition of my colleagues. During the past several days we have made a number of efforts designed to effect a change in this proposed amendment but up to the present time we have not been able to do that nor has the minister, on the other hand, been able to convince us that the revenue which he anticipates from clause 1 of this proposed amendment is justified in the light of the fact that undoubtedly he will have a surplus substantially above the amount which this tax will bring in.

Mr. Abbott: Prophecy is still a very gratuitous form of error.

Mr. Shaw: That is quite possible. Therefore I am going to move one more amendment. I assure you that there is ample precedent for moving an amendment of this character. I suggest that rather than spend a long period of time debating and discussing a point of order we should vote on this amendment. I move:

That clause 1 of the proposed amendment to the Excise Tax Act be deleted and that the remaining clauses be renumbered accordingly.

Mr. Abbott: Mr. Chairman, as a matter of convenience I would be delighted to accede to my hon. friend's suggestion and get the vote, but I would not want it to be held as a precedent against me or against any other minister of finance in future years. I think I must take the same point of order that I have had to take on similar occasions over a period of some years and say that this unquestionably affects the balance of ways and means and consequently is out of order.

Mr. Knowles: It could be that I might be getting a little tired of this myself.

Mr. Abbott: You have nothing on us.

Mr. Knowles: Mr. Chairman, I have to get organized a bit, but I am not taken completely at a loss by this amendment because I had thought earlier in the game that an amendment in the terms moved by the hon. member for Red Deer was one that should be moved, and I considered doing so. Hence I am glad that it has been moved.

As a matter of fact, last Thursday, after we had had our little battle over whether or not this resolution could be divided, an hon. member from the other side of the house met me in the hall at suppertime and asked me, "What are you fellows kicking about, why don't you move an amendment to delete any clauses you object to?" My reply was, "I tried that once a few years ago but was ruled out of order". I hope the chairman did not hear that.

Mr. Abbott: It has been done more than once.

Mr. Fournier (Hull): You did not invent that.

Mr. Knowles: Nevertheless, I have since done some more research to see whether the ruling against me of a few years ago was in keeping with all the precedents in connection with this matter. As late as this morning I was still working on it. Going from Beauchesne to May I found citations which had footnotes that took me to certain volumes of the British *Hansard*. They are difficult to find at times. You go into the library and get an attendant to take you into one of those cubbyholes and if you do not want to go too far back you may find the volume. But if the volume is not there he has to take you out of the library and over to a vault underneath the Senate, of all places.

At any rate this morning I found in the British *Hansard* for 1909 the record of an incident which was quite a surprise to me. The hon. member for Red Deer says that that was the year in which he was born so it is quite appropriate to refer to this 1909 *Hansard* in support of his amendment. I am quite sure, Mr. Chairman, that you will not mind my making the comment that to you this must seem like quite a recent precedent in view of the fact that last night you took us back to 1770.

I discovered in this 1909 British *Hansard* something that was quite a surprise to me in that it records one precedent which supports the position the Minister of Finance has taken, namely, that his resolution should be considered in its entirety.

Mr. Abbott: Justified at last.

Mr. Knowles: I am glad to hear the minister welcoming my reference to this precedent and I hope he will be logical and continue to welcome the later chapter in the account that I shall give.

Mr. Abbott: I may want to divide your precedent.

Mr. Knowles: This took place on May 10, 1909, when Mr. Lloyd George was Prime Minister of the United Kingdom.

Mr. Abbott: Mr. Asquith.

Mr. Knowles: I'm sorry; Mr. Lloyd George was chancellor of the exchequer. The financial critic appeared to be Mr. Austen Chamberlain. On May 10, 1909, as reported in the British *Hansard* starting at page 1463, Mr. Lloyd George introduced into the committee of ways and means a lengthy resolution having to do with various taxes on liquor at different stages. This resolution was quite complicated and it filled two full pages of the British *Hansard*.

After he had moved the resolution in committee the chairman apparently put it to the committee in its entirety and Mr. Austen Chamberlain objected. Mr. Austen Chamberlain suggested that it was a most complicated resolution containing table A, table B, table C, and then a breakdown of table C into two sections which were headed by Roman numerals, which in turn were broken down into sections headed by Arabic numerals and so on down the line. Mr. Austen Chamberlain took the view—

Mr. Abbott: No commas or periods?

Mr. Knowles: It was full of commas and periods.

An hon. Member: All in the right place.

Mr. Knowles: One of your colleagues has a mortgage on commas. As I say, Mr. Austen Chamberlain took the view that as it was so complicated it should be discussed seriatim. Mr. Lloyd George then said:

> May I submit to you, sir, that this resolution is purely a formal stage, with the view to authorizing me to introduce the finance bill, and that therefore I submit that it is proper that the whole of the licences should be included in one resolution, seeing that it is a formal stage to enable me to introduce the bill for licences in general.

Whereupon the chairman, Mr. Emmott, ruled on the point that had been raised by the member for East Worcestershire, Mr. Austen Chamberlain. The chairman said:

> It is quite true, as the right hon. member for East Worcestershire has said, that the time which I have occupied in reading this resolution has been quite an unusual draft on the time of the committee, but with regard to the question put to me as to the form of this resolution, my reply is that the resolution is such that I must take it as it is. I cannot say how far there is a precedent for a resolution of this length, but having regard to the fact that it deals entirely with licences for exciseable liquors, I cannot undertake to alter it.

Mr. Austen Chamberlain had some more to say despite the ruling of the chairman that he had no alternative but to accept it. A little later, however, Sir F. Banbury intervened and said:

> I wish to raise a point of an important character. Would it be in order to move that the resolution be divided into two?
>
> The Chairman: It would be in order to do so by amendment of course to the resolution, which would have the effect of dividing it into two parts.
>
> Sir F. Banbury: I beg to move that the resolution be divided into two parts.
>
> The Chairman: The hon. baronet has misinterpreted my meaning. I said that the hon. baronet might move an amendment which would have the effect of dividing the resolution into two parts . . .

In other words, he could not just move that it be divided into two parts. He had to move a resolution that had that effect. Whereupon another member of the opposition, Mr. James Hope, made a motion. He said:

> I propose to leave out the words "and sale" from the first paragraph headed "Excise liquor licences." That would have the effect of confining the discussions to the manufacturers licences.

If you turn back to the first line of the resolution you will find that it referred to taxes or licences for the manufacture and sale of intoxicating liquor, but by deleting the two words "and sale" all of the taxes in that resolution that referred to the sale of liquor would be removed, and the only taxes left were the taxes relating to the manufacture of liquor. The chairman accepted the motion as in order. It was debated at length and eventually was voted on at pages 1474 and 1475. The amendment was defeated, but my point is that the situation is on all fours with what we have here in the house now. The chancellor of the exchequer, like our Minister of Finance, insisted on the resolution being treated as one resolution. The chairman agreed with the chancellor of the exchequer but thereafter—

Mr. Abbott: Pretty sound.

Mr. Knowles: The Minister of Finance says "pretty sound". If the chairman, Mr. Emmott, was sound on one point he was sound all the way through.

Mr. Abbott: That does not necessarily follow.

Mr. Knowles: Having taken that position, when a member then asked for the right to move an amendment to that one resolution, which had the effect of deleting a large section of the taxation proposed by the resolution, the chairman allowed that amendment as in order. Please note there was no suggestion of any substitution of another tax. That does not come into the picture at all. The right to move simply the deletion of a portion of the resolution thereby deleting part of the tax was recognized by the chairman and, as I say, it was put to a vote.

The next day, as found at page 1737 of the same volume of the British *Hansard*, the point came up again. I will not read it all this time.

Mr. Abbott: Oh, go ahead.

Mr. Knowles: There was another motion—

An hon. Member: You are out of order.

The Deputy Chairman: Order.

Mr. Knowles: —in committee of ways and means. It had to do with land value taxation. Again it was a complicated motion, but it was not nearly as complicated as the one of the day before. It only had three sections, and on this occasion a member by the name of Captain Craig raised a point of order as to whether it had to be taken in its entirety or whether it could be divided. The chairman made the same ruling as he had made the day before—

Mr. Abbott: Sound again.

Mr. Knowles: —that it was one resolution. But then Mr. James Hope, the same fellow who raised the question the day before, said:

> I want to know whether it would be competent for an hon. member to move an amendment in the second line to leave out "duties" and insert "duty."

The result again was to cut the taxation effect of the resolution in half. The member went on to say:

> It would then, of course, be competent for the government to bring up a second resolution . . .

And so on. The chairman said:

> As far as I can see that would certainly be in order if the hon. member moved such an amendment.

I thought I heard the Minister of Finance say "sound again", or was it a voice which came from this side of the house?

Mr. Abbott: People can be right on one thing and wrong on others, you know.

Mr. Knowles: Mr. Chairman, I submit that there was more justification for the position taken in the British house than there is for the position taken here because the case on May 10 was a resolution, while complicated in form, dealing wholly with liquor, and the case on May 11, while complicated in form, dealt wholly with taxes on land values. Nevertheless the ruling was made that the resolution in each case had to be taken in its entirety, but along with that ruling was the ruling that members had the right to move for the deletion of a portion of the tax imposed by those composite or complicated resolutions. Therefore I submit—

Mr. Sinnott: You are out of order.

Mr. Knowles: —that we should have a little change in the monotony of these rulings against our amendments—

Mr. Sinnott: Sit down. You are out of order.

The Deputy Chairman: Order.

Mr. Knowles: —and that the amendment of the hon. member for Red Deer should be allowed. It is a very simple one and, as a Liberal member said to me in the hall at suppertime last Thursday, it gives us a chance to vote on the question in a very simple way. Surely the British precedent if it is good in the first instance is good in the second case as well.

Mr. Abbott: We must leave this to you, Mr. Chairman.

Mr. Drew: Mr. Chairman, just before you make a ruling on this point, I want to say that we have had so many amendments moved on different grounds that I should imagine it would be an extremely difficult thing to have clearly established what the pattern is that members of the house themselves have created out of these various rulings. It has, however, been apparent that there has been a clear desire on the part of some hon. members to have these items dealt with in such a way that this first item can be voted on. The decisions which have already been made would suggest that your likely decision now will be that this amendment is out of order.

Mr. Knowles: No, no.

Mr. Drew: I am afraid I must draw that as a likely conclusion, but whether or not that is so I propose if a vote is called in this case to vote in support in effect of the request that this tax be deleted because that is what we have been pressing for. If the vote means nothing more, I hope our vote will be taken as once again expressing our desire that this tax should be deleted.

An hon. Member: You are frustrated.

The Deputy Chairman: I should like to thank all hon. members who have participated in the debate on this very important point of order. The hon. member for Winnipeg North Centre particularly has studied the matter very carefully, and he has given us a lengthy interpretation of what he believes to be the correct procedure to follow. He agrees entirely in what he has quoted with the ruling that I gave the committee yesterday except for the last part where he finds that in the British house an hon. member was allowed to have a complicated question divided on a motion by deleting a portion of that question. We are agreed all along the line except on that one point. If the hon. member will look at citation 500 of Beauchesne, third edition, he will see why it would be very difficult for the chairman in the Canadian house at least to agree with him that a complicated question can be divided by a member moving that a certain portion of the resolution be deleted. Citation 500 says very clearly that it must not affect the balance of ways and means. Certainly the hon. member will admit that if this amendment should carry, deleting the first paragraph which provides that the rate of the general sales tax shall be increased from eight per cent to ten per cent, the balance of ways and means would be altered. Therefore I would have no alternative but to declare the amendment out of order.

On the other hand, the leader of the opposition has indicated that this discussion has revealed that hon. members generally would like to express their opinion on this particular paragraph. I have not the citation under my hand, but I am quite sure there is a citation in Beauchesne, third edition, stating that by unanimous consent the committee may set aside the rule. Should there be unanimous consent we could put the amendment and permit hon. members to express their opinions on this paragraph. I am in the hands of the committee; therefore I ask whether unanimous consent is given so that this vote may be taken.

Mr. Abbott: I have already indicated, Mr. Chairman, that in accordance with the well established rules of the house I shall welcome a vote on the sales tax question when the appropriate section of the Excise Tax Act is before the house. Under existing circumstances that is the only time I would be prepared to give unanimous consent to have the vote taken.

The Deputy Chairman: In the circumstances, then, I must regretfully declare the amendment out of order, for the reasons I have already given.

Mr. Shaw: I very much regret that under the circumstances I shall have to appeal your ruling.

Mr. Speaker resumed the chair, and the chairman of the committee made the following report:

A motion by Mr. Shaw was ruled out of order, on the ground that it was not in order to move the deletion of a particular clause in an excise tax resolution because it alters the balance of ways and means.

Mr. Speaker put the question as follows:

Mr. Beaudoin of the committee of ways and means reports that Mr. Shaw moved an amendment to a resolution which was being considered by the committee. The chairman ruled that the amendment was out of order because it was not in order to move the deletion of a particular clause in an excise tax resolution because it altered the balance of ways and means. From that ruling there was an appeal by Mr. Shaw and others.

The house divided on the question: Shall the ruling of the chairman be confirmed? And the ruling was confirmed on the following division:

YEAS

Messrs:

Abbott
Anderson
Applewhaite
Arsenault
Ashbourne
Bater
Benidickson
Bennett
Blanchette
Blue
Boisvert
Boivin
Bonnier
Boucher
Bradley
Breithaupt
Breton
Brown (Essex West)
Bruneau
Byrne
Cameron
Campney
Cannon
Carroll
Carter
Cauchon
Cavers
Claxton
Cleaver
Cloutier
Conacher
Cote (Verdun-La Salle)
Croll
Cruickshank
Darroch
Dewar
Dickey
Dumas
Follwell
Fournier (Hull)
Fournier (Maisonneuve-Rosemont)
Fulford
Gardiner
Garson
Gauthier (Sudbury)
Gibson
Goode
Gosselin
Gour (Russell)
Gregg
Harris (Grey-Bruce)
Harrison
Helme
Henderson
Henry
Hetland
Howe
Hunter
Kent
Kirk (Antigonish-Guysborough)
Kirk (Digby-Yarmouth)
Lafontaine
Laing
Langlois (Gaspe)
Lapointe
Larson
Lefrancois
Leger
Lesage
Macdonald (Edmonton East)
MacKenzie
MacLean (Cape Breton North and Victoria)
MacNaught
McCubbin
McCulloch
McIlraith
McIvor
McLean (Huron-Perth)
McMillan
McWilliam
Martin
Mayhew

Monette	Smith (Moose Mountain)
Mott	Stewart (Yorkton)
Murray (Oxford)	Stick
Mutch	Stuart (Charlotte)
Pearson	Studer
Proudfoot	Tremblay
Prudham	Valois
Ratelle	Viau
Richard (Gloucester)	Ward
Rinfret	Warren
Roberge	Weir
Rooney	Welbourn
Ross (Hamilton East)	Whiteside
St. Laurent	Winkler
Sinnott	Wood—112.

NAYS

Messrs:

Adamson	Herridge
Argue	Higgins
Balcer	Johnston
Beyerstein	Jones
Black (Cumberland)	Knight
Blackmore	Knowles
Blair	Lennard
Brooks	Low
Bryce	Macdonnell (Greenwood)
Casselman	MacInnis
Catherwood	McGregor
Coyle	McLure
Drew	Noseworthy
Fair	Pearkes
Fairclough, Mrs.	Quelch
Fleming	Ross (Souris)
Fulton	Shaw
Gillis	Tustin
Green	White (Hastings-Peterborough)
Hansell	White (Middlesex East)
Harkness	Wright
Harris (Danforth)	Wylie—46.
Hatfield	
Hees	

During the taking of the vote:

Mr. Fulton: Mr. Speaker, I rise on a question of privilege to direct your attention—

Some hon. Members: Sit down.

Mr. Speaker: Order. If the hon. member is rising on a point of order or on a question of privilege, he must wait until the vote is concluded.

Mr. Fulton: A question of privilege can be raised during the division.

Mr. Speaker: No.

After the taking of the vote, and the Clerk proceeding to announce the result of the vote:

Mr. Fulton: Mr. Speaker, I rise on a question of privilege. I wish to direct your attention to the fact—

Mr. Boivin: Wait until the vote is recorded.

Mr. Speaker: Order. I will hear the hon. member now.

Mr. Fulton: I wish to direct Your Honour's attention to the fact that an hon. member, namely, the Minister of National Health and Welfare (Mr. Martin), was not in his seat in the house when Your Honour put the question, but entered the house after Your Honour had put the question, and voted with the yeas, which under our rules is not permitted. Under citation—

An hon. Member: Small potatoes.

Mr. Fulton: Furthermore, another hon. member, the hon. member for Springfield (Mr. Sinnott), left his seat after Your Honour put the question and while the vote was in process of being taken. I wish simply to refer to an earlier remark of Your Honour's. I think I should point out that my understanding is that a question of privilege may be raised during the course of a vote, but not a point of order. I would direct Your Honour's attention to citation 84 in Beauchesne, second edition, which reads as follows:

> The Speaker, when his attention has been called to a breach of order in the course of a division has directed that the division should proceed, and has dealt with the matter when the division was completed.

I believe there is a citation in Beauchesne, third edition, to the effect that a question of privilege can be raised during the course of a vote. It was in order that I might raise it in time before the result was announced that I rose earlier.

Mr. Speaker: Order.

Mr. Martin: May I just rise not to answer the question of privilege but to make a comment to assist Your Honour in arriving at what I know will be an acceptable decision, even to the hon. gentleman. I was in the house. I was in the act of discussing a question with the hon. member for Spadina (Mr. Croll), trying to persuade him about a point on another matter altogether. I moved from his seat to my own and voted—I hope I voted correctly.

Mr. Croll: I only want to confirm what the minister has said—and I was persuaded.

Mr. Speaker: Order. First, with regard to the question raised by the hon. member for Kamloops (Mr. Fulton), I might say that I shall be glad to receive any representations which he may make to me in the house or privately regarding when a point of order or a question of privilege which has been raised during a division should be considered. I have allowed him to state his question of privilege before the vote was announced. I think at least that is proper procedure. I shall take into consideration whether I should have allowed him to continue with his question of privilege, during the division.

He has referred to the fact that an hon member was not in the house when the question was put. The hon. member says that he

was in the house when the question was put. We accept his word for that. However, I should point out that according to standing order No. 12 it is irregular for an hon. member to move from one place to another or to leave the chamber while a vote is being taken or before the vote is announced. May I say that from time to time I have noticed lately that a number of members have moved from their seats during the voting. The occurrence tonight was by no means the first time that it has taken place. I know all members of the house would appreciate it if hon. members would be in their own seats during the vote and would remain in their seats until the result of the vote is announced.

Some hon. Members: Hear, hear.

And the result of the vote having been announced, the house resumed in committee:

The Deputy Chairman: The Excise Tax Act resolution; is the house ready for the question?

Mr. Fair: First of all, I want to sympathize with His Honour the Speaker. I notice that he has quite a hoarse voice from disposing of the appeals that have been made against the rulings of the chairman. I feel satisfied that a number of the appeals that have been made would not be made if hon. members had a chance to express their opinion, or had the minister not brought in the iniquitous taxes contained in the resolution.

We have heard many times that Canada is supposed to be a Christian country. I am wondering whether Satan is not in control of the Minister of Finance, his advisers in particular, and those who are supporting him even in the votes here tonight and this afternoon. In this country we have many young men and young women who are working hard and honestly, trying to pay their way, pay their debts, and provide a decent standard of living for themselves and their families. We are told that the taxes are being levied at the present time for the purpose of guarding ourselves against the effects of communism. I am wondering whether the taxes that are to be levied, if the resolutions that are before us are passed, will not help to build up the communist organization in Canada. I have thought about that time after time during the past few days; in fact during the past week, I have thought about rising in my place several times and expressing this opinion. But we do not find any relief from the taxes. We are not even given a chance to vote on individual taxes as they are proposed by the Minister of Finance. I am not satisfied; people throughout the country are not satisfied. And while we are in grave danger, tonight's issue of the *Journal* gives this warning:

[Mr. Speaker.]

Emergency Keys Drive for Services
Darkening World Situation Makes Action Urgent

This is an article by James McCook, which begins in this way:

Confronted with a darkening world situation, the Canadian government is to start a program to get more men in the forces that will stop just short of conscription.

Then I would comment here that during the early part of the session those of us who were worrying about Canada's safety suggested that something be done to make preparations for what might ultimately come. The government took the stand at that time that it did not feel that was advisable. Apparently however that will soon be changed and, according to this article, the time is close at hand. It goes on to say:

Defence Minister Claxton will make what government sources termed an "important" statement in the Commons, probably tomorrow night.

He will emphasize the need for more men at once.

"When There Is Need."

He will set forth the important role of the reserve army, whose members can be called to active service when the country needs them.

The Deputy Chairman: Order. May I ask the hon. member if what he is quoting has any relation to the Excise Tax Act resolution?

Mr. Fair: I feel it is related very closely—in fact it is a sister of the resolution under discussion. This resolution is to provide money to protect us against communism. The heading I have read indicates that we are to make preparations for the building up of an army.

Mr. Abbott: There is a slight flaw in my hon. friend's logic.

Mr. Fair: And it will be some of the money raised under the resolution that will be used.

Mr. Abbott: Mr. Chairman, I think I should say a word. If that view were accepted we would be making a joke of the discussion in committee of ways and means. My hon. friend may talk as much as he likes, but he knows as well as I do that the main purpose of consideration of a resolution of this kind in the committee of ways and means is that of obtaining information from the government as to the probable extent and nature of the tax.

The hon. member is a member of long experience in the house, and he knows that as well as I do. To discuss the armed forces under this resolution is I think completely absurd.

The Deputy Chairman: I am inclined to agree with the views expressed by the minister. I think the hon. member should direct his remarks to the resolution under consideration.

Mr. Fair: If this is offensive to the Minister of Finance—

Mr. Abbott: No, go ahead. I just asked the hon. member to observe the rules, that is all.

Mr. Fair: I have read the effective part I wanted to read.

An hon. Member: We can read.

Mr. Fair: I do not have to read my speeches. I can make them without reading.

An hon. Member: Order.

Mr. Fair: And if those silent partners who are sitting opposite me in the Liberal benches want to get up and make a speech, and tell us what they think about this tax, I shall be very glad to sit down, keep quiet and let them express their opinions about it.

Some hon. Members: Hear, hear.

Mr. Fair: But when I am speaking I want them to keep quiet, as they have done throughout the session on this and many other important matters, up to the present time.

An hon. Member: Silence is golden.

Mr. Fair: I know that before these taxes were levied many of our most honest citizens were not able to earn enough money to give them a decent standard of living. When these taxes are levied, what will be the result? As I said a while ago, the government wants to get more men to join the army. While people are being treated like this, and every encouragement is given by government policy to an adherence to communism, I feel that to cut down the standard of living of our workers is working against the best interests of the country.

I do not know whether I should say more.

Some hon. Members: Go ahead.

Mr. Fair: Some say "go ahead." I am protesting in particular against this 25 per cent increase in the sales tax. When I first entered politics in 1935 I remember clearly the Liberal candidate going around the country and bawling out the Conservatives for having introduced a 6 per cent sales tax. But one of the first things the Liberal government did in 1936 was to increase that tax by 33⅓ per cent. We have had that 8 per cent tax ever since, along with many other taxes including an increased income tax, which I am not allowed to talk about at the present time. Perhaps there will be another occasion later when I can say something about that.

In the present budget the sales tax is jumped another 25 per cent, up to 10 per cent. Yet the government wants the cooperation of all the people of Canada—this wonderful party on the government's side which came into office with 47 per cent of the votes of the Canadian people.

An hon. Member: Forty-nine per cent.

Mr. Fair: They are going to tax us still further. But the people apparently like taxation because some of them were foolish enough when they had the chance only a couple of years ago to continue to support these taxation measures.

An hon. Member: Fifty-four per cent according to the last Gallup poll.

Mr. Fair: Would the silent partner keep quiet, please.

An hon. Member: You can't take it, eh?

Mr. Fair: I can take it, and I can give it, too. This is an indication of the idea of some of the supporters of the government: When I left here at six o'clock I walked along the corridor with a Liberal member who suggested that this appealing against the chairman's ruling was all foolishness—"What have we a chairman for, anyway? We should abide by his ruling." I disagreed with him, entirely. While I have great respect for the Chairman, for Mr. Speaker and for Mr. Deputy Speaker, I still say they are not infallible. I have every respect for the three gentlemen to whom I have referred, but I do not think we should always bow to their rulings. If we do not have the opportunity to express ourselves otherwise then we have to take the only course left open to us.

Mr. Gibson: Hara-kiri.

Mr. Fair: I do not know who that was who spoke about his relatives' methods of doing things, but I am not suggesting anything as drastic as that. However, I would like to have some of these taxes taken care of, particularly the 25 per cent increase in the sales tax, and the increase in the excise tax on many of the items mentioned here in recent days.

I feel the tax on refrigerators, washing machines, electric and gas stoves should not be left on at this time. I would feel strongly, too, that the additional excise tax being imposed in connection with motorcars is not a proper one because, as has been pointed

out before, cars are a necessity for a number of our workers who live in the suburbs of the cities. They may have no bus accommodation; it may be too far to walk, and if they cannot buy motorcars at reasonable prices I wonder how they are going to get to work and get home again after their day's work is done.

I am not going to say any more at this time except to suggest that last night I saw a picture showing some of the exploits of Robin Hood. If we had a Robin Hood at this time, instead of what we have over here in the person of the Minister of Finance, perhaps we would have a little better distribution of the goods Canada can produce.

Many of us are not seriously affected by these taxes because we have our indemnities, and some have other means of getting along. But we must think of those who are starting out, and who are doing an honest day's work or an honest week's work in the building up of our economy. There should be some consideration for them.

If we had a Robin Hood who would take from those who have and give to those who have not, but who are making an honest attempt, it would be a good thing for Canada.

Mr. Abbott: I am not too keen a student of history, but my recollection is that Robin Hood took from the rich and gave to the poor.

Mr. Fair: I do not want the poor fellow, who has barely enough to keep him alive, have what he has taken from him and given to the rich fellow because there are still a lot of them around today even if we will not admit it.

Mr. Abbott: I was questioning your reference to Robin Hood.

Mr. Low: Mr. Chairman, just one word before the vote is taken. I know the minister must feel rather disappointed that there has been delay in getting the resolutions through and doubtless the government has felt disappointed, but we have been in earnest in our fight. We have taken into consideration the fact that the government exists today on the support they obtained in 1949 from not more than 47½ per cent of the voters of Canada. That means that over 50 per cent of those people are represented on this side of the house. That is the first important thing. The second important fact is that we can guarantee that not less than 90 per cent of the people of Canada are opposed to the imposition of these sales and excise taxes against which we have been protesting.

An hon. Member: One hundred per cent.

Mr. Low: If you like, 100 per cent. Since it has been shown that there are other sources from which the minister could get revenue if he needs revenue to balance his ways and means, and since we have pointed out that the minister may not need any more revenue than he would get if he did not put on these two extra taxes, in the light of these facts we felt that it was our responsibility to the people of Canada to fight them just as long as it was possible so to do. We are not through yet by any means. We may have to yield on the resolution but there is a bill coming up. I am just serving notice now, and repeating what I said some days ago, that if this opposition which represents more than half the people of Canada will band together and fight for the principle we have been fighting for during the last seven days we can bring this government to the point where they will have to yield. That is all there is to it.

I for one am prepared to stay here until Christmas if that is necessary, to fight this battle for the people of this country. I am only saying that that is the reason we have put up this battle. We put it up because we were convinced in our hearts that these impositions should not be made at this time.

Mr. Abbott: Mr. Chairman, I do not think that this debate has been too long and I do not question for one moment the bona fides of any hon. members who have opposed the imposition of the sales tax and these excise taxes and the other things to which opposition has been indicated. One of the responsibilities of a minister of finance, and the government of which he is a member, is to take the decision as to the way in which the burden which he and the government feel is necessary to place upon the people of the country must be shared.

That decision was taken and presented to the house. I think the opposition parties have made it abundantly clear that they are opposed to some of the features of these proposals. That is the job of the opposition parties. I do not think the people of the country are under any illusion that the opposition are not opposed to the government's financial proposals. What the opposition would do if they had the responsibility of putting forward the proposals is a different matter and one into which I do not propose to go. I am quite satisfied to have had this discussion and I do not criticize any hon. member for the time he has taken in presenting his point of view.

Mr. Knowles: Mr. Chairman, just a few words. First, I want to point out that if a vote is taken on this resolution it should be noted that it involves tax increases to the

extent of $194 million. It involves also certain tax decreases, but they amount to only $14 million. Since we are denied the right of voting on the sections individually and are faced with the necessity of voting on the resolution as a whole we have to look at it in its entirety. We see it as a resolution that grants relief of only $14 million by way of decreases but imposes $194 million by way of increased taxation. Since we have to take the resolution as a whole, good and bad together, and since there is so little good in it and so much bad, we are opposed to it.

In connection with the way in which the Minister of Finance proposes to raise his additional revenue, may I point out one significant feature. According to the table which he placed on *Hansard* at page 1814 we are given the amount in dollars which the different increases in taxation will produce. We find that the sales tax will produce an increase of $105 million over what it would have produced had the increase in the rate not been made. We find that the other excise taxes will produce $89 million in revenue more than would have been the case if the taxes had not been raised. We find that the personal income tax will increase by only $85 million, and the corporation income tax by $126 million.

Mr. Abbott: That is for the balance of the current year, not for a full year.

Mr. Knowles: That is right. I am making a comparison between things that are comparable.

Mr. Abbott: I suggest to my hon. friend that the fairer comparison would be for the full year. The excise taxes took effect immediately but there is a lag in the income taxes. I would refer my hon. friend to the second column.

Mr. Knowles: I am referring to the third table on page 1814.

Mr. Abbott: Read $125 million for the full year.

Mr. Knowles: All right.

Mr. Abbott: I think that is a fairer comparison.

Mr. Knowles: For the full year the increase in the sales tax would be $125 million rather than $105 million; in the income tax, $158 million rather than $85 million; in the other excise taxes, $110 million rather than $89 million. It is true that taking these figures the percentages I want to give would be altered. I shall be perfectly fair and say that they would be different, but I have not the time to work out the percentages now that I am on my feet. But I want to give the percentages that apply in this year because after all that is what counts. Before we get to another fiscal year no doubt there will be other changes in the minister's fiscal policy. What we want to deal with now is the tax that applies to the fiscal year 1951-52, and these changes are indicated in the table that I have referred to on page 1814.

Taking the actual number of dollars which the minister proposes to get over and above the number of dollars he would have got if he had not made these increases, the results are that from personal income tax the increase would be 10·8 per cent; from sales tax, 21·2 per cent; and from the other excise taxes an increase of 37·3 per cent. If we were to take these two categories of excise taxes and put them together, namely, the general sales tax and the other excise items such as taxes on refrigerators, stoves, washing machines and so on, the over-all average of the excise taxes has increased the revenue to be taken from the Canadian people by 26·4 per cent. I ask that the committee set these two main figures alongside each other. The increased revenue to be taken by the treasury from the Canadian people on the basis of income tax, the tax that is nearer to being fair, the tax that is based on ability to pay, is only 10·8 per cent. The increase to be taken by taxes on commodities, the kind of taxation which is not based on ability to pay, is in the over-all picture an increase of 26·4 per cent.

It is my contention that even before these changes were made there was too large a proportion of government revenue taken in commodity taxes as opposed to the proportion taken by the fairer method, namely, the income tax. By the changes being made in this resolution along with the other one, that already unfair proportion is being made just that much worse. For this reason, as well as for the reason I gave earlier when I pointed out that the net effect of this resolution is $180 million increased taxation on commodities, we in this group are opposed to this resolution.

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

Mr. Blackmore: Mr. Chairman, before we vote, I wonder if members of the house yet realize what these imposts mean. There are tens of thousands of people throughout Canada who today are at their absolute wits' end to know how to live. Let it not be forgotten that the bailiff is on the job. He is

going around from house to house, from street to street and threatening people with ejection from their homes. He is threatening to seize their furniture and sell it. Taxes in the communities are being increased, many of them will be increased still further by reason of these imposts, and the bailiff is around threatening their homes with seizure if they are unable to pay their taxes.

What is actually happening is that the Minister of Finance is thrusting his mischievous hands in the pockets of the people and taking out from them the very money which people have to have in order to be able to live. This is more serious than words can make it appear. The minister just smiles about it. I would think there is cause for tears. I know in the town in my constituency where I live there are a good many people who have already shed tears by reason of these imposts. If they were absolutely necessary it would be a different thing but they are not necessary, not by any manner of means. If we are managing our country on a financial system that makes measures like these necessary then the sooner we change that financial system the better.

Mr. Fleming: Change the government.

Mr. Blackmore: Surely everyone can see that something has gone radically wrong when a country as wealthy as Canada in every respect, with the type of people Canadians are, has to have imposts of this kind thrust upon the people even before we are at war. That is what we are faced with. I said a few minutes ago that this kind of measure is not necessary. I have already made two speeches on debt-free money during the last few days. A great many people have disregarded the speeches but let me tell them they disregarded those speeches at their peril.

Some hon. Members: Hear, hear.

Mr. Blackmore: I am not threatening anybody but if you once get the people in this country to the point where they begin to believe that it is absolutely impossible to elect a government that will rule them decently, then you can imagine what they will do.

An hon. Member: A Social Credit government.

Mr. Blackmore: Of course. There is no question about that. Social Credit will solve the problem. We have a lot of people who know as much about Social Credit as they do about what is on the other side of Mars. Yet they are laughing like silly fools, cackling like jackdaws. We have got to the point now where something must be done other than the imposition of taxation measures like these. There are any number of people who will cackle away about the proposals of Social Credit but they have no arguments to offer against them. They do not dare to try to answer the arguments of Social Credit. The Minister of Finance does not dare to try to answer them. He does not dare to because he knows he cannot refute the arguments of Social Credit.

We are faced now with a situation where we must have money; we will all grant that. But to take money away from people by such a nefarious tax as the sales tax is a scandal to this nation. Let me just show the minister the absurdities that are involved. He has implied, and the bank managers all over the country, bless their dear hearts, have been trying to convey, that you have got to tax more in order to curb inflation. The minister has tried to get us to believe this taxation is an anti-inflationary measure, that one of the reasons for this tax is to oppose inflation. Why oppose inflation? Because he presumes that we have a shortage of goods in Canada, and the dear member for Greenwood supported him. "We have got too many dollars chasing too few goods" they say. He maintains or tries to pretend or establish the idea that we have a shortage of goods and too many dollars chasing the goods. He says that therefore we have got to take the dollars out of circulation so that the prices of goods will come down.

Let me just show you the kind of situation the minister is in, and let him figure his way out of it. At page 1762 of *Hansard* of April 9 the Minister of Trade and Commerce had certain things to say, and I ask all these people who know so much to listen to what is said here.

An hon. Member: Oh, we hear you.

An hon. Member: Go ahead.

An hon. Member: Carry on.

Mr. Blackmore: The important thing is to use your heads for thinking instead of rattling something.

The Deputy Chairman: Order. May I ask the hon. member to address himself to the Chair.

Mr. Blackmore: Mr. Chairman, did you ask me to address you? I shall be happy to do so. I love talking to you, Mr. Chairman. Listen to these words of the Minister of Trade and Commerce. He said:

> I am sure that we can get along quite comfortably as consumers and still engage in a substantial defence effort. A few things may in the course of time become unavailable or relatively scarce, but standards of living will remain high. Unless all-out war comes. Canadians can continue to live well.

How many tens of thousands of people will these taxes make unable to live well?

Some hon. Members: Hear, hear.

Mr. Blackmore: There are tens of thousands, hundreds of thousands, who are not now living well, and I defy the Minister of Finance to say they are. I defy any member on the government side to say they are. Hundreds of thousands of them are not living well now.

An hon. Member: Where?

Mr. Blackmore: In Toronto, Montreal, Winnipeg, Edmonton, Calgary, Saskatoon, Regina, Halifax, Vancouver, Victoria. Name all the cities in the country and you will find them by the thousands.

Mr. McCann: Oh, oh.

Mr. Blackmore: The well-fed Minister of National Revenue has quite a lot to say on these matters. It would not take me very long to guide him through Ottawa and show him thousands of people who are suffering right here in the city of Ottawa within a mile or so of this house. They are suffering, and this proposes to make them suffer more, though the Minister of Trade and Commerce has solemnly declared in this house that people in Canada do not need to suffer. How does the Minister of Finance figure his way out of this? That is what we want to know. He cannot do it. Is he prepared to contradict what the Minister of Trade and Commerce says regarding the supply position in Canada? If he is not, if he has to concede that his colleague knows what he is talking about, then the Minister of Finance cannot possibly justify the imposition of such taxation in order to decrease the cost of living.

Very well; one of the main reasons he advances or tries to suggest for imposing these taxes is completely swept away. Surely everyone can see that. His next argument is that we have to raise the money. Well, I am going to state once more, even at the expense of having a good number of shallow people laugh about it, that today this government can create the money the minister proposes to raise, every single dollar of it, with the power of the government conferred upon it by the Canadian constitution, and put that money into circulation without causing the slightest ripple in the price structure. Why do I say that? Because the Minister of Trade and Commerce has pointed out very clearly that we have enough goods so the people can live well; and certainly putting $400 million or $500 million more into circulation among the poor is not going to make them live any more than just fairly well. Those are the fundamental facts which confront us as Canadians.

Now let me raise another point. This budget is laying down a principle; it is pointing the way. It is saying to Canadians that the bigger war effort they want the more of this kind of abomination they will have to take. Never mind if as a result you cannot buy your fuel. Never mind if as a result you cannot pay your rent. Never mind if as a result you cannot wear shoes. You have to pay these taxes and you are going to like it, because you elected a fine Liberal government which is going to see that you do. They have not sense enough to see any other way of doing it, so the people will have to go ahead and like it. That is what it means. The minister has laid this down very definitely. This is going to be a pay-as-you-go war. This means that no matter how much we can produce, no matter how great our resources may be, we cannot expand the war effort of Canada any further than we can get money by stealing it out of the pockets of the people and putting them in misery and poverty. In other words the principle which underlies this budget limits the extent of Canada's participation in defence. Let us see if anyone can answer that.

Some will say that when the war gets a little worse we will begin to borrow. When the war gets a little worse and we have to use more of our goods for the support of our forces abroad it will be harder than ever to continue a pay-as-you-go policy.

The Deputy Chairman: Order. I ask the hon. gentleman not to go so far afield from the subject under discussion.

Mr. Blackmore: Thank you very much, Mr. Chairman; but as I see it the whole thing is centred right around this set of pernicious taxes.

Mr. Hansell: Whether we are to tax or not; that is the question.

Mr. Blackmore: And whether we are going to be able to fight a war with our full force, whether we are going to be able to use all our manpower and material resources to fight a war, or whether we are going to be hamstrung and trammelled by finance. It is a certainty that if we get any more taxes like these the people of this country are not going to become prosperous as the war advances, and are not going to become any more able to pay taxes. This is more than serious. We are not faced with the kind of proposition we were faced with at the beginning of world war II or world war I. We are faced with a struggle for our very existence, against the greatest power we ever went up against. For us to sit here calmly and talk about this thing in this way is absolutely preposterous.

Hon. members opposite are feeling quite unhappy because the opposition has put up a puny little struggle. What if they had been up against the kind of opposition William Lyon Mackenzie King put up against R. B. Bennett during the five years that man struggled against a depression which William Lyon Mackenzie King had helped to bring on? If this government had to carry on against an opposition such as William Lyon Mackenzie King and his party put up against the Conservative government in those five depression years they would know what opposition was. Beside that opposition the puny little efforts we have put forth during the last seven days would amount to small change. I happen to know. I do not know how many members now in the house were in parliament at that time; probably there are a few. I was told by one who was here that hardly a day went by when four or five or six Liberals would not ask questions of the government without ever giving notice; and that is just an example. That is the kind of opposition they had, just dirty, sordid opposition; just meanness. It is too bad to say that about men who have passed on, but that is what occurred. Yet the moment a little bit of effective opposition is put up against the Liberals today they begin to whine like babies; they call order, and all the rest of it.

The Deputy Chairman: Order. I ask the hon. gentleman again to discuss the merits or demerits of the Excise Tax Act resolution.

Mr. Blackmore: Thank you, Mr. Chairman. I do not see how a man could discuss this excise tax more specifically and more pertinently than I am doing. That is another serious matter, the question of opposition. What is the responsibility of the opposition? As the hon. member for Peace River has said, one of the responsibilities of the opposition is to help see that the government does not make dangerous blunders.

The Deputy Chairman: Order. I must rule that the hon. member is out of order in discussing the merits or value of opposition in the house on this Excise Tax Act resolution. I ask him not to refer to that again.

Mr. Blackmore: Thank you, Mr. Chairman; I have said all I want to say on that subject. Now here is the reason we have so sternly opposed this measure. I am only sorry we are not better organized. I am not naming any particular group; I think on the spur of the moment we have organized a pretty good struggle, but if the whole body of the opposition including our Conservative friends had co-operated in this thing we probably could have got something for the Canadian people. But we are going to have to let this thing go through because we are not organized to keep on talking. But when we let it go through—

The Deputy Chairman: Order. The hon. gentleman is again violating the rule of strict relevancy. That is a very important rule, and already he has been told twice that he should abide by the ruling I have made.

Mr. Blackmore: It is too bad I cannot hear what you say, Mr. Chairman, but I can pretty well guess what it is.

The Deputy Chairman: Order. May I ask hon. members to co-operate by remaining as silent as possible. I am now directing the attention of the hon. member for Lethbridge to the rule of this house which calls for a discussion to be strictly relevant to the item before the committee. I believe it is standing order 58; and standing order 40 goes further than that. I will read standing order 58, paragraph 2, to the hon. member. It says:

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

At the moment I cannot put my finger on that standing order 40 which says in effect that any hon. member who has just been called to order for not having observed the rule of strict relevancy may be subject to severe measures. I would ask for the hon. member's co-operation. Twice he has spoken about the organization of the opposition and the opposition itself. That certainly does not relate to the resolution that is now before the committee. I will therefore ask him to co-operate, as he usually does, with the chairman and the members of the committee.

Mr. Blackmore: I certainly desire to co-operate with you, Mr. Chairman, but after having been here for seven days and listened to the kind of thing we have had to listen to, and having had to look at the sad countenances of the government, reflecting their feeling of injured dignity, I am inclined to speak just a little bit freely. But I shall defer any such talk as that until a later time. May I commend you, Mr. Chairman, for the way in which you are handling matters.

I will just say this in closing what I have undertaken to say. Here is a set of measures which are pernicious through and through. There is not a commendable feature in any one of these sales taxes; neither is there one in the excise tax. If the desire is to limit the consumption of refrigerators and electrical appliances, rationing can easily be applied. If the desire is to eliminate consumption of any other kind in Canada, rationing can be applied. But there is no need for it at the present time. Rationing can be applied in two ways, either as the article is

being offered for sale over the retail counter or as the supply of raw material is being permitted to come to the factory. It is the simplest thing in the world to limit these things and save the use of necessary war materials. No reason at all under the sun can be given for these taxes. As I said, they are pernicious through and through; they are inflationary; and as a means of getting revenue, they are utterly unnecessary. I am opposed to them with all the energy that I have. Since we are probably not strong enough to go any further, I shall have to cease until I get another chance to talk.

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

Mr. Macdonnell (Greenwood): No, Mr. Chairman.

An hon. Member: Anticlimax.

Mr. Macdonnell (Greenwood): Maybe so; but it will be a short one, anyway. I have been ready to vote on this resolution more than once, Mr. Chairman. I do not know whether it is the last speech that has inspired me to say a word or two more. I do not find myself fully in agreement with everything that has been said by the hon. member for Lethbridge; but one thing he said I think is perfectly true and I wish to repeat it before this vote is taken. Even yet we have had no evidence, or even no statement offered to us by the Minister of Finance, as to the absolute need for this tax. When we pointed out to the minister the years in which his excess collections of revenue have been not tens of millions or scores of millions but hundreds of millions of dollars, his answer, as I recall it, was that while it was true he had overestimated, nevertheless he had not overestimated much more than had the authorities in Britain, or in Ontario, or where you please. To me that is just the old argument of the pot and the kettle. So far as I can recall, the minister has never yet said a single word to deny the argument which has repeatedly been made here, namely, that if the gross national product is what he himself has estimated it to be, in all probability we shall have a surplus which will be more than enough to take the place of this reduction which we have asked.

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

Some hon. Members: Question.

The Deputy Chairman: The question is on the excise tax resolution.

Resolution agreed to: Yeas, 59; nays, 39.

The Deputy Chairman: I declare the resolution carried. We shall now consider the income tax resolution.

Mr. Abbott: No, the customs tariff.

Mr. Knowles: Which amendment was it that carried?

The Deputy Chairman: I did not hear the hon. member's question.

Mr. Knowles: I thought you said that you declared the amendment carried. I presume you meant the motion, Mr. Chairman.

Mr. Abbott: The resolution.

The Deputy Chairman: Perhaps the hon. gentleman did not hear me. I said that I declared the resolution carried.

CUSTOMS TARIFF

1. Resolved, that schedule A to the customs tariff, being chapter forty-four of the Revised Statutes of Canada, 1927, as amended, be further amended by striking thereout tariff items 216f, 296e, 386(p), 403(e), 409f, 410g, 410h, 410i, 410j, 410l, 410o(i), 410p, 410q, 410r, 410s, 410t, 410u, 410v, 410w, 410x, 410z, 435, 440k, 475, 523g, 682, 705, and 708, the several enumerations of goods respectively, and the several rates of duties of customs, if any, set opposite each of the said items, and by inserting the following items, enumerations and rates of duty in said schedule A:

The Deputy Chairman: We shall now consider the customs tariff resolution. Shall the resolution carry?

Mr. Macdonnell (Greenwood): I wish to ask one or two general questions with regard to the tariff. When the minister spoke in his budget speech he referred to the meetings which had been taking place at Torquay and to the fact that no announcement regarding them could be made until, I think, May 9. The question that I want to ask the minister is this. Will he enlighten us as to the division of what I will call the tariff problem and tariff negotiations. We have had negotiations going on for months at Torquay, following previous negotiations at Annecy two years ago, I think it was, and negotiations at Geneva four years ago. I should like the minister to tell us something of the scope of those negotiations, explaining the relationship which they bear to the operations meanwhile of our own tariff board. I should also like to ask whether some of the proposals which are in the schedule to the resolution are the result merely of negotiations which have taken place with individuals. In other words, my question is really threefold. What is the scope of the negotiations going on at Torquay? I raise this question particularly by reason of whatever tariff changes there are affecting us and the United States. In the second place, what is the relationship of what is going on there to the operations of

our own tariff board? I am not quite sure whether it has been in abeyance or what it has been doing. Third, are any of the proposals in the schedule the result neither of what has been going on at Torquay nor of the proceedings before our own tariff board, but merely the decisions of our own department in negotiation with individuals?

Mr. Abbott: To answer the last question first, Mr. Chairman, none of the customs tariff proposals which are before the committee have any relation to the discussions at Torquay. The tariff changes which are made here are of some significance but they are not of wide application. I do not know that I can add much in general terms to what I said in the course of my budget speech. There are a number of items which come within the classification of farm implements, to which free entry is given under the proposed customs tariff resolution. There are new tariff schedules with respect to the plastic items which implement a report of the tariff board which I tabled at the conclusion of my budget speech. As to the discussions at Torquay, as my hon. friend has indicated, a concurrent statement will be issued on May 9, by the various countries interested. As to those negotiations, I can add nothing to the general statement that I made in my budget speech, but a full statement will be issued on the ninth. There will, I expect, be a statement in the house and a rather more complete press release issued at the same time.

As to the functioning of the tariff board, that board has been extremely active. It has been hearing a great many appeals. There have been a great many references. In the absence of the chairman of the board, Mr. Hector McKinnon, at Torquay, the deputy chairman, Mr. Leduc, and the other member of the board, Mr. Buchanan, have been sitting as a board. I do not think I can add anything more than I have said in the general statement on the tariff proposals.

Mr. Macdonnell (Greenwood): I have one supplementary question. There are certain tariff concessions to the United States. I am not questioning these now. They seem to me, as far as my knowledge goes, to be reasonable, but it raises this question in my mind. Did we get any *quid pro quo* for them? It raises also this question. In our negotiations at Torquay are we, or are we not, in a better position when everybody is seated around a table to get a *quid pro quo*? A third addition to the question is this: What is the division which results in the fact, as I understand it. that these changes that you have now made are made without *quid pro quo*? The minister will inform us on that. If without *quid pro quo* then my question is, are we in a better position to get a *quid pro quo* at Torquay and further, if that is so, why are these particular matters not the subject of negotiation at Torquay?

Mr. Abbott: First, as to the items in this tariff schedule, they are unilateral changes. There is no *quid pro quo*, as my hon. friend puts it. They represent items in which we consider it is desirable that the tariff should be changed. In most cases they are reductions in the interests of the Canadian consumer. I should add, in line with what my hon. friend has said, that we have not made reductions in any items which it was considered would be of any value in the trading negotiations at Torquay. We have kept any items which we felt might have a trading value in the Torquay negotiations, for these negotiations; and consequently there are no items here which the government, or its negotiators at Torquay, felt would be of value in these discussions.

Mr. Macdonnell (Greenwood): Just one further question. I observe what the minister has said, that this is unilateral, and it was not considered that they were such as would have any weight in negotiations, but on the face of it, that statement does not strike me as being very convincing. I mean, they might not have very much weight and yet it is hard to—

Mr. Abbott: The majority are technical readjustments in those agricultural items and plastic items to which I have referred.

Mr. Macdonnell (Greenwood): Let us take this, because after all something more might be said on that point. I am not questioning this; I am only asking for light as to why those might not have been thrown into the balance along with the things which I presume are being thrown in the balance at Torquay, and where I gather we are very much in need of things to throw into the balance.

Mr. Abbott: At the time we prepared these tariff proposals we knew what we were going to get at Torquay, and we knew what we were going to have to give. I would be glad if I could announce the results of Torquay. I take it the committee realizes that in these discussions it is part of the arrangement that the negotiators report back to the governments and the governments consider the proposed agreements and then concurrent announcement is made after it is approved.

Mr. Green: I have one example on the point which the hon. member for Greenwood

has raised. I think sprinkler irrigation systems come under item 409f. We have had some young men establish a plant in Vancouver to manufacture sprinkler irrigation systems. They are just getting nicely into the business and are able to meet the demand when suddenly these sprinkler irrigation systems are deprived of protection. They lose any protection they have, and yet there is no removal of the United States duties; with the result that that firm probably will be put out of business. They cannot get into the United States market because of the high United States tariff, and yet Canada takes her duty off and allows the United States firms to wipe out that business.

I do suggest to the minister that that particular item might have been held until some reciprocal arrangement was made with the United States. There is no reason why we should allow their sprinkler systems in free when they will not allow ours to go into their country. For all the difference it would have made to the users of these systems, I do suggest that a mistake has been made on this particular item. The removal of the duty should be delayed until an attempt at least is made to have the United States take off their duty. Surely to goodness the Canadians should be on the same basis as the people of the United States. Why should we be unable to sell our goods to them? The handicaps are big enough even if the duty is the same on the goods going each way. There I think is a case where there should have been negotiations and an attempt made to get the United States duty taken off.

Mr. Abbott: I am familiar with the situation to which my hon. friend refers. I was aware of it before we arrived at the decision to include the items in question. The United States negotiators were not interested in a tariff concession here, and the decision to remove the tariff on these items was made in line with the basic policy decision taken in 1944 that agricultural implements and articles used in agriculture would be free of duty. My hon. friend will recall that Mr. Ilsley announced that policy. Since that time, it has been urged upon us that various specialty items, such as sprinkler systems, are used, and extensively used, in agriculture—and these irrigation systems come within that category.

I know the firm in British Columbia which has just started. I am sorry that the removal of the tariff should come just at the time when it is getting going, but as the committee knows, I am not one of those who believe in the infant industry theory; and I do not want industries created behind a tariff wall which may create problems in the future. Careful consideration was given to this particular item, and a decision was taken that it should be included in the agricultural group to which I referred.

Mr. Green: What is almost sure to happen is that once the United States firms get this Canadian firm out of business they will be in a position to charge whatever they like to the Canadian farmer.

Mr. Abbott: I think we will recognize that it is unlikely that there will be widespread manufacture of this type of equipment in Canada. There never was, up to a year or so ago. Unfortunately, the United States tariff is, on the average, very much higher than ours. That is one of the great disabilities under which we labour here. We have a relatively low tariff; they have a high tariff; and that is why we have been so anxious in these succeeding discussions at Geneva, Annecy and Torquay to whittle away at the United States tariff; but nevertheless, whatever their tariff may be, in this country we have adopted the policy that so far as agricultural equipment and implements are concerned, they come in free.

Mr. Green: I think one reason the policy has been adopted is that leading Canadian farm implement manufacturers are able to stand on their own feet and ship throughout the world. But, as the minister said, this is a special type of product, and it is not in that category at all.

We are going to have a big aluminum development in central British Columbia within the next two or three years. I believe these sprinkler systems are made of aluminum, and there will be need for a market for that product. I hope the minister will give some further thought to this item because it is unfair that the Canadian producer should be placed in the position where the Americans can come in and wipe him out, but he cannot get into the American market at all.

Mr. Abbott: I am looking at this particular situation again in connection with another matter, to see whether on parts, and so on, any assistance can be given to that industry.

Mr. Herridge: The Americans subsidize the export of apples to Canada and other countries to the extent of $1.25 a box. That artificial competition quite recently caused the British Columbia fruit growers to sell about 100,000 boxes to Ontario and Quebec at about a dollar a box, which is very little more than the cost of packing and of the boxes. Does he consider that a subsidy that creates artificial competition with Canadian fruit is in keeping with the spirit of the Geneva agreement?

Mr. Abbott: I was not aware that such a subsidy existed. However, the hon. member knows more about that business than I do. As he is no doubt aware, the tariff on Canadian apples going into the United States is very much lower than the tariff on American apples entering Canada. That is one of the relatively few cases where the American tariff is lower than our own. However, I have to look at the type of export subsidy to which he refers in order to see how it is affected by the Geneva agreement.

Mr. Herridge: Will the minister check that matter?

Mr. Abbott: I shall be glad to.

Mr. White (Middlesex East): Mr. Chairman, I should like to ask a question regarding item 409f. While it deals with a wide range of agricultural machinery, I am interested particularly in grain or hay driers. A year ago some farmers in my constituency imported grain and hay driers. When they consulted the department they were told that because the equipment was for agricultural purposes it would be admitted free. Once it was landed in London, however, the duty was charged, and they had to pay it.

I came to Ottawa to protest, and the duty was paid under protest. I see by this item that this equipment is now admitted free. Is there any chance that these people will receive a refund in respect of those articles?

Mr. Abbott: I think not. I gave pretty careful consideration to the driers to which the hon. member has referred. After discussing the matter with my tariff advisers I came to the conclusion that this equipment was pretty much outside the ordinary range of agricultural equipment or implements, and took us into a completely new field. I will add that it was something I felt that in another year I might consider further. But I had to get a great deal more information as to what similar items might be affected before I would be prepared to remove the tariff. Therefore I think I could say clearly that this year I would not be prepared to make a recommendation to eliminate the tariff on those articles.

Mr. White (Middlesex East): I note that under item 409f they are now free.

Mr. Abbott: I am not quite sure as to the exact part to which the hon. member is referring.

Mr. White (Middlesex East): I am referring to tariff item 409f.

Mr. Abbott: I am told that this covers driers except what are described as big bins.

[Mr. Herridge.]

Mr. White (Middlesex East): The fans and motors are included?

Mr. Abbott: Yes.

Mr. White (Middlesex East): I might point out that in Iceland there are more hay driers used than in all Canada. With their wet weather they have become almost a necessity.

Mr. Abbott: We will look at it another year, but that has been why we have decided against it.

Mr. Fulton: I should like to support what was said by the hon. member for Kootenay West with regard to apples. This was a case where British Columbia had virtually to dump apples in Ontario at a loss, and this I believe was the result of subsidized American exports.

Then I should like to refer briefly to the question of vegetable oils entering this country. This afternoon during the discussion of another resolution the minister said that so far as he was aware he had had no representation from the dairy industry council on—

Mr. Abbott: I believe I had from the dairy council. I thought it was the federation of agriculture to which reference was being made. But I believe I did have representations from the dairy council.

Mr. Fulton: I have had representations from the dairy industry in my own constituency and, although I cannot state it as a fact, it is my understanding that they had written to the minister suggesting either a customs tariff or an excise tax on imported oils. I have no desire to return to the discussion of the excise tax resolution, but I wonder if the minister would tell us the attitude of the government in the matter. I was greatly impressed by the argument put forth this afternoon by the hon. member for Danforth. What he said certainly covered the situation in the dairy industry, and the whole question of this very cheap substitute product coming into the market. I am more particularly concerned because of the argument which, on the face of it, is hard to meet, namely that margarine affords a cheap substitute for butter, and that therefore it is wrong to do anything which would increase the price.

It seems to me that argument is completely removed when we find that the margarine producers put up their price to the extent of about ten cents a pound simply because the price of butter went up, despite the fact that the cost of production of margarine had not increased.

I strongly urge the minister to look into this situation. If he finds that the margarine manufacturers are taking advantage of the consuming public in this way it should influence his decision as to whether or not the national treasury should derive some revenue from their imports.

Mr. Abbott: The whole question will be studied, as to whether further protection should be afforded the dairy industry by substantially increasing the barriers to the importation of margarine or its ingredients from other countries.

I believe I should say however that it was our general feeling we should not take action of that kind while the proceedings at Torquay were under way. I am one who believes that the results achieved at Geneva and at Annecy should have substantial influence and were responsible to a substantial degree for the marked improvement in our balance of trade with the United States. I indicated before that in my opinion we have obtained a very satisfactory trade agreement at Torquay. I hope the house will agree with that when they see the results.

So, speaking generally, I felt and my colleagues felt it would be extremely unfortunate to take any action by imposing any further barriers to a free flow of trade between countries when we were arguing strenuously at Torquay for a lowering of those barriers.

Mr. Fulton: It is not an easy problem.

Mr. Abbott: It is a difficult problem, as the hon. member knows.

Mr. Fulton: But the particular thing that irritates me is the fact of their increasing their price without apparently any excuse or any increased cost, just because the price of butter went up as the result of an unexpected development in the supply of butter.

Mr. Fleming: There are several questions I should like to put to the minister. The first has to do with the country or countries from which most of these commodities which are the subject of decreases in tariff come. Will the minister indicate what countries will benefit from the proposed reductions in tariff rates, or those which will principally benefit?

Mr. Abbott: As I think I indicated in my remarks on the budget, the principal reductions are in the agricultural implement field, diesel engines for use in fishing vessels, mining equipment and certain plastic items. Those items in the agricultural implement field will come mostly from the United States. The mining equipment would come principally from the United States with some from the United Kingdom. I think it is fair to say that most of that type of equipment comes from the United States. The diesel engines would come from the United Kingdom and the United States, but I would think the United Kingdom would have a decided edge because of the preferential rate. The plastic items would come principally from the United States, but the United Kingdom would also be able to avail itself of the reduced rates.

Mr. Fleming: It is quite clear that the United States will be the chief beneficiary.

Mr. Abbott: Others will be as well, but the United States is the principal supplier of these things.

Mr. Fleming: We are dealing with them in general terms. I was under the impression, which the minister has now confirmed, that the United States will be the chief beneficiary.

Mr. Abbott: My hon. friend will appreciate that they are not broad reductions.

Mr. Fleming: The United States will be the chief beneficiary of the proposed reductions.

Mr. Abbott: The Canadian consumer will be the chief beneficiary, if I may say so.

Mr. Fleming: There are two sides to this. I was thinking in terms of benefits to the producers. Obviously these benefits will flow chiefly to the United States. For that reason it surprises me to hear the minister say that the United States were not interested in any bargaining at Torquay with respect to any of these items. Knowing how astute the United States businessman is and how ready his government is to further his interests it seems unusual to me that the United States were not prepared to do some bargaining in return for the benefits to the United States producers which these proposed reductions offer.

My second inquiry is as to the estimated loss of revenue to the Canadian treasury from the proposed reductions. The minister may wish to indicate at the same time what increase in revenue is contemplated from such increases in the tariff rates as are involved in the present proposals. Perhaps he could then give the net figure, the overall estimated reduction in revenue.

Mr. Abbott: I am afraid the only increase is, as I indicated before, in the plastic items. I am sorry that no estimates have been made as to the increases in revenue which would result. Similarly it is hard to estimate with any degree of accuracy what decrease in

revenue there will be. However, it will be quite small in our picture. Of course, it is important to the people who have to import these articles. The fisherman who has to import a diesel engine for his boat and the farmer who has to import a milking parlour or some of these other things finds that it is quite important, but in the aggregate customs revenue it is pretty insignificant. Perhaps I could have an estimate made and give it to my hon. friend when we are in committee on the bill.

Mr. Fleming: My next question has to do with the application of the Geneva agreements, if at all, to the proposed reductions. What application will the Geneva agreements have to the reduced rates that are proposed?

Mr. Abbott: If any of these rates are below the rates fixed in the Geneva agreements, we are not to be bound. However, we are free to go back to the rates stipulated in the Geneva agreements. We are free under the Geneva agreements or the Annecy agreements, and again under the Torquay agreements, to make reductions in tariff rates without in any way impairing the validity of the agreements, but we are bound not to make increases without complying with whatever the formalities are under the agreements.

Mr. Fleming: To how many commodities on which it is proposed to reduce the tariff rates do the Geneva agreements apply?

Mr. Abbott: I am informed that some of them will probably be covered in part, but there are no complete items.

Mr. Fleming: My next inquiry has to do with the timing of the present resolution. In his budget speech, as reported on page 1813 of *Hansard* of April 10, the minister made reference to the tariff negotiations which had been taking place at Torquay during the past six months and said:

> It has been arranged between the countries represented at Torquay that the details of the agreements resulting from the negotiations will be announced by the participating governments on May 9. Consequently I am not in a position to review the results at this time.

It would only be a matter of speculation until we know more about the results at Torquay as to what effect the Torquay agreements may have on any of these items, or what the result may be to the general picture of trading between one country and another in respect of tariff concessions. I am not proposing to ask the minister to delay the adoption of this resolution, but in order that the matter may have adequate consideration I wonder if he will agree that he will not move second reading of his bill to amend the Customs Tariff until after May 9?

[Mr. Abbott.]

Mr. Abbott: That is an entirely appropriate suggestion and I shall be happy to do that. I think it will be most helpful if the house could study the bill after the details of the Torquay agreements have been announced. I think that would be an excellent way to proceed.

Mr. Green: They will be announced next Wednesday?

Mr. Abbott: On the ninth; yes, next Wednesday. I doubt if we would get to it before that.

Mr. Fleming: There is one other matter I should like to mention to the minister, and with approval. The minister may wish to send for smelling salts or something else to overcome the effects of surprise. I should like to mention item 705 in which the minister proposes to extend the period within which settlers may bring in their effects and still have them treated as settlers' effects. It seems to me that this is a most praiseworthy move. I cannot think of anybody whom it is going to hurt, and I can think of it bringing considerable assistance to many people who otherwise would suffer grave inconvenience and perhaps loss by reason of the present provision which it is now proposed to change. I do not know how large this item bulks in the total fiscal picture or the total trade picture, but it seems to me it is one to which the house will be glad to give approval.

Mr. Abbott: I thank my hon. friend for his congratulations. I agree with him. I think it is a most desirable item. It was made at the suggestion of my colleague, the Minister of Citizenship and Immigration. I have an amendment to the wording of the proviso in item 705 which I shall ask one of my colleagues to move. It broadens its application to include those settlers who have come in during the last three years. We have had it under examination a little more closely than we had been able to at the time the budget resolutions were introduced. I am wrong. It includes those who came in as far back as the end of the last war. I thought it was only three years.

Mr. Fleming: Better still.

Mr. Abbott: Yes. That amendment will be moved when we reach that item. It is merely an amendment to the wording to broaden it to that extent.

Mr. Harkness: Some two or three months ago I brought to the minister's attention the question of the customs duty on ground bagged clays or bentonites which are used in the manufacture of drilling mud, a necessary substance in the drilling of oil and gas wells at the present time. The situation with

respect to this substance is that quite a flourishing small industry manufacturing this drilling mud has been built up in Calgary. Its product was much used throughout the province of Alberta. The shipping in of ground bagged clays or bentonites from the United States has now practically put that concern out of business. They have requested that some protection should be afforded. I have looked through these tariff items quite carefully, and I have not been able to find any mention of these bagged clays. I wonder if the minister would tell us what decision he came to and why no action was taken in regard to the matter.

Mr. Abbott: I gave consideration to my hon. friend's representations, but for the same reason that precluded my giving active consideration to increases in the duties on vegetable oils or other items, because the tariff negotiations at Torquay were pending, it was decided that this year no increased duty could be put on.

Mr. Harkness: That means essentially then that consideration is really deferred for another year?

Mr. Abbott: That is correct.

Mr. Macdonnell (Greenwood): I want to ask the minister what will happen with respect to the Torquay agreement. What will be its legal status when it arrives here and is presented to this house? Will it need legislative implementation?

Mr. Abbott: I understand that, as was the case with the Geneva and Annecy agreements, it does not require immediate legislative implementation, but the intention would be that it would eventually receive that. Our attitude has been that we would not hurry our legislative implementation until we saw that formal legislative implementation was being carried through in other jurisdictions, and that is the present status of Geneva and Annecy. It can be put into effect by executive action.

Mr. Green: None of these trade agreements have ever been approved formally by parliament?

Mr. Abbott: I believe that is correct.

Mr. Green: How long ago is it that the Geneva agreement was negotiated?

Mr. Abbott: 1947.

Mr. Green: Four years ago.

Mr. Abbott: That is right.

Mr. Green: Are we in Canada waiting for the United States?

Mr. Abbott: We are waiting to see what they do. In the meantime we have got substantial benefits under the agreements.

Mr. Green: Does the minister expect there will be legislation in the near future on any of these agreements?

Mr. Abbott: Just when I cannot say. I doubt if there would be legislation at this session.

Mr. Fleming: From the minister's answer to the hon. member for Greenwood, I am not quite clear as to what part of the Torquay agreement, if any part, may be brought into operation in Canada apart from parliamentary action.

Mr. Abbott: As my hon. friend knows, tariff reductions can be brought into effect by order in council. That has always been our law. On the other hand, tariff increases have to come to the house.

Mr. Fleming: Are we to assume then that parliament is not going to be afforded an opportunity of passing on the Torquay agreement, save perhaps incidentally in some discussion here, and that, as it may be assumed that it will involve only reductions on Canada's part and no increases in our tariff, the whole agreement so far as Canada is concerned can be brought into immediate effect and operation, or into effect and operation at a later time, simply by executive decision without any expression of approval or otherwise on the part of parliament?

Mr. Abbott: What we are required to do to implement our part of the agreement is to bring into effect such tariff reductions as we may have agreed to in consideration of the tariff reductions received from others. We can make those tariff reductions—and it is done continually—by order in council, and I think the same procedure will be followed here as was followed in the case of Geneva and Annecy. There will of course be, as there was in the case of these other agreements, ample opportunity for discussing the terms and so on in the house.

Mr. Green: When?

Mr. Abbott: I cannot give an undertaking as to when.

Mr. Green: When was there an opportunity for discussing these other agreements?

Mr. Abbott: I suppose I have not really given much thought to that. I know that Geneva and Annecy have both been discussed here in general terms. I suppose they could be discussed on the estimates of the Department of National Revenue. I think it would be proper to discuss their

general effect there. However, I would have to give some consideration to that. I am informed—I had forgotten—that the Geneva schedules were referred to committees of both the Senate and the House of Commons.

Mr. Green: They were never formally approved in the house.

Mr. Abbott: Possibly we might give consideration to referring the new schedules in the same way.

Mr. Fleming: Mr. Chairman, I am glad this subject has arisen because, while it seems to be apparent from what the minister has said that no increases in the Canadian tariff will be called for by the Torquay agreements—

Mr. Abbott: That is correct.

Mr. Fleming: —and only decreases will be required, the minister has indicated that legally these agreements may be brought into effect by executive decision without any formal approval on the part of parliament. I do not think that is a satisfactory state of affairs.

Those of us who sat in the last parliament will well recall that in November, 1947, a great to-do was made by the government about calling parliament in great haste to meet in Ottawa. The reason given at that time by the Prime Minister in a public statement for summoning parliament to meet about the first of December, 1947, a most unusual time, was not, as a matter of fact to give legislative effect to the radio budget introduced by the Minister of Finance, but was to lay before parliament for parliament's decision the agreements reached at Geneva.

We met at that time, and the Geneva agreements were not submitted to parliament for approval. As a matter of fact parliament has never yet been asked to give its sanction to the Geneva agreement. The minister has said that the schedules to the Geneva agreement were referred to a committee. They were referred to the banking and commerce committee but, if my memory serves me correctly as a member of that committee, those schedules were never reported out of the committee. They were allowed to die there in the spring of 1948. So far as debate is concerned, I recall one debate. It was one of those indirect debates. It may have been on a motion to refer to the committee, which did not afford an opportunity of bringing the important question of ratification to a neat issue before the house.

I say to you, sir, that the Geneva agreements have never been submitted to parliament in any fashion that would enable parliament to express its opinion upon them.

Similarly the Annecy agreement has never been submitted to parliament under any conditions which would enable parliament to express its approval or otherwise. It gives me a good deal of disappointment to hear an indication from the Minister of Finance tonight that parliament is not to be afforded an opportunity to deal specifically with the Torquay agreements, which we understand to be important, and express in the only way parliament can really express itself, its approval or disapproval of those agreements, by means of a direct vote on that particular issue.

In reviewing the whole situation, Mr. Chairman, it seems to me far too many of these tariff concessions arising out of international agreements have been carried out simply by executive decision. Parliament has been ignored with regard to them. If those agreements are as important as I think most, if not all, hon. members regard them, then surely the very least that should be required of the government is that those agreements should be submitted to parliament in such form and under such circumstances that a discussion can be held directly on the agreements and parliament may express either its approval or disapproval by a direct vote on that particular issue. If parliament does not have that opportunity then it seems to me parliament must review the whole basis on which tariff negotiations at these multilateral conferences are carried on, and recast the whole basis of their implementation by executive action. In matters so important as these it seems to me a crass neglect of the responsibility and supremacy of parliament that parliament should be by-passed and have no more opportunity to pronounce a direct verdict or judgment upon them than by some incidental, oblique kind of discussion on a motion to go into supply, or something of that nature. That does not offer a sufficiently direct opportunity to review these questions.

I think one might also say that in recent years there never has been enough time spent in parliament in the discussion of trade policies. Usually what little opportunity has been afforded to discuss trade matters has been on bills such as this involving minor, and sometimes quite trivial, amendments to the customs tariff. Trade policies are far too important to be so treated. Looking forward now to the time when these Torquay agreements are to be introduced, and assuming they will have the importance we have been led to attach to them, it seems to me that here is an occasion when the government should afford the house, at the earliest convenient time, an opportunity of discussing those agreements and the whole trade

picture in general, which is not free of disturbing factors. At page 1799 of Hansard, in his budget speech, the minister referred to an improved regional trade position in these words:

> As a result of these shifts in trade our regional trade became much better balanced.

I think we are all glad to see the United States purchasing more from Canada. We should like to see a much closer balance between our exports to and imports from that country; but no one can survey the over-all trade picture in the world today without feeling very grave concern about the way our sales to the United Kingdom, to the colonial empire and to many of the countries of Europe have undergone a serious reduction in recent years.

I mention that, Mr. Chairman, by way of urging upon the minister and the government that the introduction in the house of the Torquay agreements at a convenient opportunity be made the occasion of a debate on trade, on a motion by the government calling upon the house to give a direct expression of approval or otherwise to those agreements, so the matter may be brought to an issue.

Mr. Abbott: I shall be very happy to bring my hon. friend's suggestion to the attention of my colleagues, to see whether, if the business of the house permits it, his suggestion can be adopted.

Mr. Quelch: I would like to associate myself with the remarks of the hon. member for Eglinton. I recall that the Geneva trade agreements were referred to the banking and commerce committee in 1947. There was quite a long discussion; we ran right through them, but it was finally decided not to put a motion for approval, so the Geneva trade agreements were not approved by that committee. I think the reason was obvious. There was a great deal of criticism of various sections of those agreements.

I recall that there were a number of escape clauses in both the Geneva and Annecy agreements, and I think it is correct to say that many nations have already committed a breach of many of the principles embodied in those agreements. It may be argued, of course, that they are still acting under the escape clauses, but the deadline for those clauses I think in some cases is 1951 and in others 1952. I want to know what will happen after those deadlines, as far as the nations still operating under those escape clauses are concerned. Will those nations be allowed to continue to operate under them even after the deadlines have expired, or will they be called upon to fulfil their obligations under those trade agreements?

I have particularly in mind the whole policy of non-discrimination. We have tried as far as possible to adhere to that general principle, though I think when we put restrictions upon imports from the United States we were really committing a breach of it. We have since removed that prohibition, but some countries in Europe are still continuing the policy of discrimination. What are we going to do in the future? Are we just going to let this situation drift, or are we going, by proclamation, to declare that we are no longer interested in that international trade organization as far as those general agreements are concerned?

I think the suggestion of the hon. member for Eglinton is very good, that there should be a general debate on this matter so we can be informed just what the situation is. At the present time we appear to be just drifting along, operating under trade agreements which have not been agreed to by this house.

Mr. Abbott: I am rather in agreement with my hon. friend; I would be very happy to have such a discussion. I must say I think Canada has derived substantial benefits under these agreements. It is perfectly true, as the hon. member has indicated, that the policy of non-discrimination to which we attach such great importance, for reasons which are familiar to most hon. members, has not yet been possible for a good many countries including most of those in the sterling area. We still hope that result may be achieved. I must confess that I did not come fully prepared or briefed to discuss the Geneva agreements and the various escape clauses on this resolution tonight, but the suggestion that we should try to find some suitable occasion when we can discuss questions of trade policy in general is one to which I could certainly give most sympathetic consideration.

Now, Mr. Chairman, I see it is eleven o'clock.

The Deputy Chairman: Shall the resolution carry?

Some hon. Members: No.

Mr. Abbott: I guess we had better let it stand. If we could pass this resolution, of course we have the bill and we have to go through it item by item, but probably it is not appropriate to try to do that tonight.

Mr. Macdonnell (Greenwood): I feel that what the hon. member for Eglinton has said is fully warranted, and I welcome the minister's attitude. I do think we should

discuss this resolution a little longer, however. I believe the minister indicated that he would brief himself a little more fully, and the rest of us may do the same.

Mr. Green: Could the minister get information on any changes that have been made in the preference by executive action?

Mr. Abbott: Yes, I will have that information, either when we are back on the resolution or when we are on the bill.

The Deputy Chairman: So I may be clear on the matter of procedure, am I to understand that on this resolution a debate on the Geneva trade agreements is to be in order?

Mr. Abbott: No. I am afraid I am not prepared to discuss the Geneva agreement on this resolution. I do not believe my hon. friends were suggesting that, Mr. Chairman. I think both the hon. member for Eglinton and the hon. member for Acadia were urging that an appropriate opportunity should be afforded to discuss this matter generally, and in particular our obligations and rights under the Geneva agreement, but not on this resolution.

Mr. Fleming: That is quite right, Mr. Chairman. What I was suggesting was that we need the Torquay agreement before us before we can undertake intelligently a discussion of that kind.

The Deputy Chairman: What caused me to make that remark was what the hon. member for Greenwood had said previously.

Shall I report progress and ask leave to sit again?

Some hon. Members: Agreed.

Progress reported.

BUSINESS OF THE HOUSE

Mr. Fournier (Hull): Tomorrow we shall take up the estimates of the Department of Labour and of the Department of Resources and Development.

Mr. Green: In that order?

Mr. Fournier (Hull): Right.

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

HOUSE OF COMMONS

Friday, May 4, 1951

The house met at three o'clock.

OLD AGE PENSIONS

AMENDMENT TO BRITISH NORTH AMERICA ACT—ADDRESS TO HIS MAJESTY THE KING

Right Hon. L. S. St. Laurent (Prime Minister): Mr. Speaker, I have a short statement to make that I feel confident will be welcomed by every member of this house.

By 11.30 this morning the Minister of Justice (Mr. Garson) had received final agreement by all ten provincial governments as to the terms of the proposed amendment to the British North America Act respecting old age pensions.

I have said on more than one occasion in the house that the government did not want to be responsible for any avoidable delays in dealing with this matter, and we have felt that hon. members would wish to have immediately the text of the address to His Majesty the King. Copies have been prepared in English and in French of the form of address which I am asking the Clerk to place on the order paper for Monday. The form is as follows:

That a humble address be presented to His Majesty the King in the following words:

To the King's Most Excellent Majesty:
Most Gracious Sovereign:

We, Your Majesty's most dutiful and loyal subjects, the Commons of Canada in parliament assembled, humbly approach Your Majesty, praying that you may graciously be pleased to cause a measure to be laid before the parliament of the United Kingdom to be expressed as follows:

An act to amend the British North America Act, 1867.

Whereas the Senate and Commons of Canada in parliament assembled have submitted an address to His Majesty praying that His Majesty may graciously be pleased to cause a measure to be laid before the parliament of the United Kingdom for the enactment of the provisions hereinafter set forth:

Be it therefore enacted by the King's Most Excellent Majesty, by and with the advice and consent of the Lords Spiritual and Temporal, and Commons, in this present parliament assembled, and by the authority of the same as follows:

1. The British North America Act, 1867, is amended by adding thereto, immediately after section ninety-four thereof, the following heading and section:

"Old Age Pensions

94A. It is hereby declared that the parliament of Canada may from time to time make laws in relation to old age pensions in Canada, but no law made by the parliament of Canada in relation to old age pensions shall affect the operation of any law, present or future, of a provincial legislature in relation to old age pensions."

2. This act may be cited as the British North America Act, 1951, and the British North America Acts, 1867 to 1949, and this act may be cited together as the British North America Acts, 1867 to 1951.

There are copies available to be distributed to all hon. members so that they may see the exact wording of the amendment which has now been agreed upon with the ten provincial governments.

As hon. members are aware, the business for the first three days of next week has been arranged by all parties, and the government would not wish to disturb that arrangement. In view, however, of the general feeling that this is a matter of urgency, I would be prepared to move the address as the first item of business on Monday, if hon. members felt that it could be disposed of without any protracted discussion, and would be willing to defer debate on this matter of old age pensions until we bring before parliament the legislation to implement the constitutional powers to be conferred by the amendment.

I know that all hon. members would be glad to have an opportunity of expressing satisfaction with this demonstration of the harmonious relations now existing between the provincial governments and the federal government on matters of national interest. But that would take some time, and I think we all realize that it would be advisable to get this address over to London as quickly as possible, and to take no risks that any obstacle might prevent our dealing with this important subject at the present session of parliament. To do this may require us all to forgo an early opportunity of expressing our satisfaction in this regard; but if hon. members felt that the resolution for adoption of the address could be disposed of rapidly on Monday, without interfering substantially with the arrangement made to deal with external affairs, I should be glad to submit the resolution on that day.

I am not saying this for the purpose of avoiding discussion, or anything of the kind; but if it is the general feeling that we should try to get the constitutional amendment as rapidly as possible, and have the debate when it might not have the same possible consequence with respect to delay, I should be glad if hon. gentlemen would consider this

address over the week end, and if the whips will let me know on Monday whether it is the desire that we dispose of it quickly on that day, I shall then be prepared to move it. But if there is any feeling that it would be preferable to have the debate at this time—the government does not wish to impose upon the house its views as to procedure—we shall be prepared to do what the whips may suggest to me on Monday, before we meet at three o'clock, as to the desire of hon. members in this regard.

The address has to be adopted both in this house and in the other house. I am informed it is probable that it could be adopted in the other house on Tuesday. We would use the greatest possible dispatch in having it placed before His Majesty, and we would ask the high commissioner in London to use his best efforts to have it dealt with as expeditiously as possible by the parliament of the United Kingdom. Our experience has been that addresses from the houses of the Canadian parliament have always received prompt attention over there.

I shall be glad to discuss the matter with the representatives of the various groups before three o'clock on Monday to see what the feeling is in that regard. If the text which has been agreed to now—it took quite a lot of correspondence to get that agreement—is acceptable to all members—as I hope it will, because it is designed to permit the implementing of the report of the joint committee of both houses of parliament in respect to this matter—it might be a sacrifice we could each of us make to defer for the moment any extended debate.

Mr. Green: Mr. Speaker, I take it from the Prime Minister's remarks that there will be conferences over the week end with regard to the procedure on Monday. That will be very satisfactory to the official opposition. We have no desire to delay the passage of the amendments. I would ask the Prime Minister, however, whether he can tell us the position with regard to the other proposed amendment to the British North America Act. I refer of course to the provision under which the provincial governments would be given the power to levy a three per cent indirect sales tax.

Mr. St. Laurent: There has been no agreement upon that as yet. The agreement was upon the text of the constitutional amendment with respect to old age pensions, and upon proceeding with it at once without waiting for agreement on the other matter.

Mr. Green: Is this second proposal to be dropped, or is it the intention to proceed with it?

[Mr. St. Laurent.]

Mr. St. Laurent: The federal government declared at the dominion-provincial conference that if the provinces were agreed that they wanted the other, the federal government would go along with them, and that is still the position.

Mr. Coldwell: I think the announcement made by the Prime Minister is very satisfactory to all members of the house, and I hope that we shall be able to proceed with the address on Monday afternoon. After all, there is some uncertainty about the political situation in Great Britain, and should a general election intervene it might delay us in doing what we want to do in Canada; consequently the quicker this matter can be disposed of by this house the better it will be. So far as we are concerned we shall be glad indeed to co-operate in having this address adopted by the house as quickly as possible on Monday.

Mr. Fleming: May I ask the Prime Minister a question, Mr. Speaker? Failing dissolution of the parliament at Westminster, is there reasonable assurance that if this address is passed by both houses here within the next few days the amendment can be made at Westminster in ample time for us to proceed with the legislation at this session?

Mr. St. Laurent: Of course one cannot anticipate the effect of unforeseen events, but at the present time there is no reason to apprehend that the amendment could not be adopted at Westminster in time to enable us to deal with the matter at this session.

Mr. Knowles: That is the government's intention?

Mr. St. Laurent: It is the government's intention to lose no time. We had received final agreement from all provinces by half past eleven this morning, and, as the hon. member can see, we have the address before us.

GRAIN

INITIAL PRICES FOR WESTERN WHEAT, OATS AND BARLEY FOR 1951 CROP YEAR

On the orders of the day:

Mr. W. A. Boucher (Rosthern): Mr. Speaker, I should like to direct a question to the Minister of Trade and Commerce. Can the minister state when an announcement will be made of the initial prices of wheat, oats and barley for the 1951 crop year?

Mr. Ross (Souris): Were you asleep yesterday?

Right Hon. C. D. Howe (Minister of Trade and Commerce): The hon. member was good

enough to give notice of his question, and I am prepared to make a statement.

I wish to make an announcement to the house in regard to the initial payments for western wheat, oats and barley for the crop year commencing on August 1, 1951. It is customary to make such an announcement at this time of the year so that western producers may know in advance of their seeding operations what the initial payments on new-crop deliveries will be.

During the debate early this session on the bill to amend the Canadian Wheat Board Act, I made a full statement covering the developments in the board's marketing of this year's crop. I shall therefore confine my remarks now to the establishment of the initial payments for the 1951-52 crop year.

As for the principle on which the initial payments are based, I refer to my statement to the house on April 5 of last year, as follows:

> In setting the initial payment, the government believes that it is bound to follow sound pooling practice, dictated by experience in pooling operations over the years.

Experience has shown that the only businesslike method of conducting such a pooling operation is to set the initial payment at a reasonably safe level that is well below the current level of selling prices. If sales permit, it is then desirable that an interim payment be made before seeding of the following crop and a final payment after the conclusion of the crop year. That is the policy which the Canadian wheat board is following at the present time—

Mr. Macdonnell (Greenwood): Just before an election.

Mr. Howe: If the hon. member wishes to make a statement on wheat, perhaps he would let me finish first.

Mr. Macdonnell (Greenwood): I am just trying to be helpful.

Mr. Howe: That is about your style of helping. The statement continues:

That is the policy which the Canadian wheat board is following at the present time, and it is a policy which I should like to see continued. It is in fact the only practical way to conduct such an operation, be it government or private. I remind hon. members that when the private pools were being conducted in western Canada in the 1920's that was the procedure which was followed—initial payments, interim payments and final payments.

With these considerations in mind, the government proposes to establish the initial payment for wheat for the crop year 1951-52 at $1.40 per bushel, basis No. 1 northern wheat in store Fort William-Port Arthur or Vancouver. This is the same initial payment which prevailed at the beginning of the present crop year.

In the case of oats, the government has decided that the initial payment for 1951-52 shall also be at the same level as at the beginning of the 1950-51 crop year. Accordingly the initial payment effective August 1 next will be 65 cents per bushel for No. 2 Canada western oats in store Fort William-Port Arthur.

With respect to barley, the government proposes to set the initial payment at 96 cents per bushel for No. 3 Canada western six row barley, basis in store Fort William-Port Arthur. This is three cents per bushel higher than the initial payment which was effective for that grade at the beginning of the present crop year. When the grade spreads are announced next August, however, it is not expected that the initial payments for the feeding grades of barley will show any increase. The reason for advancing the initial payment for No. 3 C.W. six row barley is to provide for a more realistic premium for the malting grades over the feeding grades, without necessarily reducing the initial payments for the feeding grades.

Finally I must stress that all the prices which I have mentioned are, of course, only initial payments, and will be followed, I hope, by later returns in the form of interim and final payments. The total price received by producers will depend upon the success of the Canadian wheat board's efforts in selling these grains at the best available prices.

Mr. Ross (Souris): Mr. Speaker, I should like to ask two supplementary questions. First, has any consideration been given to a floor price on flax for this crop year, as has been done in past years, particularly when flax is so urgently required for preparations in the event of war?

My second question is in connection with the delegation which interviewed the cabinet recently, and the request from the three prairie provinces for a payment of $48 million for two years following the last war. There was a delegation in Ottawa within the last few days, and there have been press reports. Could the minister give us a definite statement in the matter?

Mr. Howe: No consideration has been given to fixing a floor price for flax. We have in flax a condition which my hon. friend praises from time to time in his speeches, where private trading is in charge of the marketing. We think flax is capable of looking after itself.

Inquiries of the Ministry

So far as the delegation from the farm organizations was concerned, the Prime Minister found it necessary to advise the delegation that payment in full had been announced in so far as the marketing of the wheat in the five-year pool is concerned.

Mr. Argue: Mr. Speaker, I should like to ask a further supplementary question. Does the minister think there is any possible danger that the price of wheat may fall so drastically that in order to follow sound business practices the initial price must be set some fifty cents a bushel below the current price?

Mr. Howe: The minister is neither a prophet nor a seer; I do not think he would care to venture an answer. But I may say that the advisers of the government, who are all from the prairie provinces and engaged in agriculture, who recommended entering into the international wheat agreement made provision that the minimum price for wheat for the year 1951-52 would be $1.30 per bushel. So that the government is at least more optimistic than those who framed the international wheat agreement.

Mr. Argue: Farm organizations did ask for a floor of $1.60?

Mr. Gibson: Oh, they ask for a lot.

NATIONAL DEFENCE

PRESS REPORT AS TO STATEMENT RESPECTING ADDITIONS TO ARMED FORCES

On the orders of the day:

Mr. G. R. Pearkes (Nanaimo): Mr. Speaker, I should like to direct a question to the Prime Minister. In view of the press report last night and today that the Minister of National Defence intends to make an important statement in the house today with respect to additions to the armed forces, will the Prime Minister say whether the report is correct, and if it is, will he give the approximate hour at which such statement will be made?

Right Hon. L. S. St. Laurent (Prime Minister): Perhaps the hon. member would not mind if the answer to his question were given by the parliamentary assistant to the Minister of National Defence, who, I understand, has an answer to give.

Mr. R. O. Campney (Parliamentary Assistant to the Minister of National Defence): Mr. Speaker, in answer to the hon. member's question, if the house will give leave it is expected that when the house resumes at eight o'clock this evening the Minister of National Defence will make a statement as to the raising of additional forces.

[Mr. Howe.]

SUPPLY

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

DEPARTMENT OF LABOUR

185. Departmental administration, $558,397.

Mrs. Fairclough: Does the Minister of Labour propose to make a statement at this time?

Hon. Milton F. Gregg (Minister of Labour): Mr. Chairman, I do not intend to make any extended statement now. If I did I would be inclined to talk about matters that have particularly interested me in the short time I have been with the department. I would much prefer to listen to hon. members and then perhaps comment on the things in which they indicate they are specially interested. One or two other departments have been opened, yet I do not think there would be any harm in my referring to the changes that have been made this year in the presentation of the estimates.

To illustrate this, if hon. members will turn to pages 216 and 217 they will observe under the heading "Departmental Administration" that there is set out the total number of staff positions, both permanent and temporary, for which provision is made this year in the estimates. There is also shown the total number of such positions under this heading for the previous fiscal year. I am sure that that answers some of the criticism of former years.

Just below those totals is a break-down of the staff positions, giving the number of permanent and temporary positions, and there are also shown the figures for last year. Further down, at the end of the details of departmental administration on page 217, are shown the actual expenditures under the same head for the last fiscal year, to January 31, 1951, and the estimated expenditures for the remainder of the year. I am sure that the work of the officials of the Department of Finance in assembling these details will prove most helpful.

If perchance in speaking on the first item any hon. member should discuss other items which appear later in the estimates, I should like to have the opportunity of commenting on those items when they are reached.

Mr. Green: That is entirely contrary to the practice in committee in dealing with estimates. There has always been a wide discussion on the first item, and the minister in charge answers any questions that are asked during the course of that discussion. I hope the Minister of Labour does not mean that he will decline to answer questions which could be asked on later items.

Mr. Gregg: As my hon. friend knows, the Minister of Labour is responsible for the Department of Labour and for the unemployment insurance commission. There might be points raised which I should like to refer to the officials of the commission and which I might find it difficult to answer if only the officials from the Department of Labour are here. I only wish to reserve the right to postpone answering any question that might come up in the general discussion of the first item, but I shall endeavour to answer all questions that I can.

Mrs. Fairclough: Mr. Chairman, in rising to speak to this item I should like first of all to compliment the Minister of Labour upon his first presentation of estimates for a complete year. I believe the announcement which he has made and the attention which he has drawn to the re-arrangement of the estimates will prove to be helpful. As we go along we shall be better able to determine whether or not they completely fill the requirements of this committee in dealing with estimates.

I come from the city of Hamilton, where we all had a soft spot in our heart for Humphrey Mitchell, the minister's predecessor. I am sure the minister will understand how keenly we felt his loss a short time ago. It is not given to man to know how long he has to continue his labours, and I am sure that the minister must benefit greatly by the work done by his predecessor. I know that the house benefited from the sage advice which he gave from time to time.

There may be questions I shall want to ask on the various items, but at this time I should like to make some general remarks on the labour situation in Canada, on the estimates in general, and to some extent on the unemployment insurance commission.

I think it is most important at this time that labour in Canada should have proper and workable industrial relations. I feel that it is more vital now than at any time in our history that there should be harmony among the productive forces of this nation. I do not think it is possible to have harmony unless men are happy and contented, not only with their employment but with their conditions of employment and their status in the community in which they serve.

Coming as I do from the city of Hamilton I am greatly interested in the plans which have been made for workers in our community. When I speak of these plans I am thinking not only of the working conditions of the men but also of the expansion that is taking place in our great industries, an expansion which is sure to give in the days to come employment to many thousands more than are now employed in our city.

With this in mind I was keenly interested a few short weeks ago in receiving the report produced by the Department of Trade and Commerce giving the details of private and public investment in Canada for 1951. According to page 33 of that report it is expected that in the calendar year 1951 there will be spent in Hamilton on construction, machinery and equipment, almost $100 million. The figure given in the report is $98,067,000, but I suppose we would be less than optimistic if we did not think it was going to go higher than that. The natural increase in prices is sure to account for some increase in this amount.

In the iron and steel industry alone there is an expected expenditure of nearly $67 million. Electrical apparatus and supplies comes next; then petroleum products; then chemical products; then food and beverages. There then follow a number of sundry items, and when all are taken together we have the amount of approximately $100 million which I have mentioned already.

Considering the number of men who have gone into our military services and those who probably will go into those services in the near future, it is more important than ever that the men and women who are left to carry the production load in the industries of this nation should feel that their efforts are appreciated and realize that the load which has fallen more heavily upon them by reason of their depleted numbers is one which will be shared by the citizens of this nation as a whole in the days which are to come.

I am sure it was just such a realization that prompted the minister to set up the national advisory council on manpower in February 5 of this year. The first report of that committee, published under date of February 21, contained some very interesting material. It referred to the fact that there had been specific changes in the manpower situation which were indicative of the basic economic and related developments of the past year. It stated that there are 50,000 more persons in the total labour force, 40,000 more workers employed in woods operations, 70,000 more persons employed in manufacturing, and 17,000 more persons in the armed forces.

Of course that situation has changed even in the past three months. Later, the report goes on to say:

> Accurate over-all information on the extent to which individual firms with defence contracts have already taken on more workers to meet their expanded programs is not yet available, but, based on the employment forecast survey of the Department of Labour and other data, it is estimated that employment on various types of defence activities

today may be as high as 100,000. As the Minister of Labour indicated on January 30, this total may reach 200,000 by the end of 1951.

Then it goes on to say:

It is important in estimating the extent of these labour requirements to keep in mind the possibility that shortages of essential materials will likely reduce employment in non-defence industries and might limit expansion in plants producing defence equipment and supplies.

In yesterday's Ottawa *Journal* there was a Canadian Press dispatch headed, "Calls for return to work of retired persons, housewives". The article, which was a report of a meeting in Toronto addressed by the general manager of the Canadian Bank of Commerce, quotes him as saying that it is necessary that there should be a return to the labour force of retired persons and housewives if Canada is to increase its physical output. In view of these things, Mr. Chairman, I should like to refer once more to the question which was asked in the house on Tuesday of this week by the hon. member for Nanaimo, as to when the next meeting of the national advisory council on manpower will be held. The answer given to the house at that time was that it was understood that the meeting would be held this month. I do not recall whether or not a specific statement was made on the subject, but it was my impression at the time the council was created—and I am sure it was the impression of other members of the house—that regular meetings would be held. Somehow I gained the impression that these meetings would be held monthly. It appears now that that is not to be the case. It is almost three months since the last meeting was held, and possibly it will be a full three months before the next meeting is held. I respectfully suggest that quarterly meetings are not frequent enough, that the council cannot be expected to give to the nation the service which was expected of it at its inception unless it is called at regular and short intervals to consider the manpower problems confronting us, and thus have some continuity of program. In fact, Mr. Chairman, I am not at all sure that it should not sit continuously until a workable policy to handle the manpower situation in Canada has been laid down.

Labour itself has made great strides in the past two or three years. One might almost say that labour has come of age. It has disciplined itself, and disciplined itself very severely. The labourer himself is hardest hit if actions of a group of his fellows curtail his own liberties or assail his earning power or the supply of commodities or services which he requires in his daily life. Where excesses occur in either labour or management it is the obvious duty of the organization with which the offenders are affiliated so to discipline its own group as to remove the cause of such offences. If legislation is required then it is the duty of the offending group to request such disciplinary regulation as will enable it to control its own offenders.

We are fortunate in this nation in having in the labour force many men of brilliant capabilities, many able and responsible men who would be only too happy to co-operate with the government of the nation to produce the type of labour legislation which would be in the best interests of the workers of the country and the citizens as a whole. I feel that the government has not faced the problems of labour. We should have at this time workable labour laws, particularly in view of the period of uncertainty through which we are passing. I have no intention at all of reviving any debate on the question of the rail strike of a few months ago, on the steps taken to end that strike, or on the award which was made subsequently and which was the outcome of the action taken by this house. I should like to say, however, that last September for the first time in this house the principle of compulsory arbitration was introduced. That was seven or eight months ago, and so far the government has given no indication that the situation which developed at that time will be rectified.

I think it is wrong that any group of people should be given the idea that it is perfectly legal and altogether natural that the strike procedure should be used to produce results in disputes, and then, when they take action which has been opened up to them as the solution of their difficulties, be accused of having violated some of the confidence which the people of this nation placed in them, and be put into a situation where they are subject to criticism from all sides. If it is wrong that this procedure should be laid open to the workers of the nation, then let us courageously come forward and say it is wrong. If it is not wrong, then let us have no more of this nonsense of compulsory arbitration. If it is believed that the rail services or any other services of this nation are so vitally important to the life of the country that nothing must interfere with their continuous operation, then let us consult with the representatives of labour and evolve a workable alternative which will protect the workmen, provide adequate negotiating machinery, and give to the citizens of this country a guarantee that they can rely on the uninterrupted service of the very lifeline of trade and industry on which

we depend, and the very basis of the livelihood of most of the workers of this nation.

It is not a job for government alone; it is a job which must be instigated by the government for the purpose of evolving legislation which will be at one and the same time both acceptable and efficient. It will be necessary to confer at length with the best brains of the labour movement of Canada. It will take time, and it will take patience. Those who represent the railway unions and those who represent industrial workers should be called upon for the advice which they alone can give, and that is the extent to which all workers in this country can be counted upon to assist in the evolution of a labour policy which will be acceptable to all.

There is a situation which has, in the past, contributed to considerable confusion and discontent in labour circles. I am sure that it is a familiar subject in this house, because in reading through *Hansard* of former sessions I find reference to it in various places. So far, however, no step has been taken to write into the labour code a proper description of the status of a confidential employee. In the industrial life of Canada it is very important, Mr. Chairman, that confusion should be eliminated wherever possible. I ask the minister to take into serious consideration an amendment to the labour code which would include a definite interpretation of a confidential employee, so that there may be no improper demand on the part of labour and no evasion on the part of management. I believe such legislation is long overdue. Like many of those who have spoken on the subject in the past, I again ask the minister to take this into consideration so that an amendment may be brought into this house which will provide such a definition.

I believe, too, that the government would do well to consider the over-all labour situation in this country with a view to reinstituting to some extent the uniformity of labour legislation which obtained during the past war. I suggest that the minister confer with the provinces and discuss with them the extension of measures which were found so satisfactory in times of great national stress. At the moment we are approaching something in the nature of a defence economy. Day by day we see more and more of the production of this country coming under government control. I submit, Mr. Chairman, that as this trend develops we shall find more and more need for uniform labour laws which can be operated across this whole country. I am sure that the various ministers of labour in the provinces would be happy to co-operate in the production of uniform labour laws which would solve some of the problems with which we are faced today.

I should like to suggest also that this government give serious consideration to the enactment of fair employment practices laws. I refer to the act which was brought down in the Ontario house this year, and I shall quote from the preamble to the bill, which I believe is explanation enough of what is required in this case. It reads:

> Whereas it is contrary to public policy in Ontario to discriminate against men and women in respect of their employment because of race, creed, colour, nationality and ancestry or place of order; whereas it is still desirable to enact a measure designed to promote observance of this principle; and whereas to do so is in accord with the universal declaration of human rights as proclaimed by the United Nations . . .

Then the terms of the measure follow. I submit that such an act would add prestige to this house, and would be in the interest of the many people of this nation who come within the various categories which are outlined in the preamble to the Ontario act. I trust that the minister will give the matter consideration, and I should be happy indeed to support such a bill if it could be introduced in this house.

I realize, Mr. Chairman, that the employees of the Post Office Department are governed by civil service regulations, but I do not think I can discuss labour problems in this country today without mentioning the situation which has developed within the past couple of months because of regulations over which the Minister of Labour has probably very little, if any, control. However, he is a member of the cabinet which must consider these things, and I believe we should have a look at the over-all position of these men. In some provinces, notably in Ontario, the conditions under which they work are directly opposite to those laid down in an Ontario statute. For instance, in the province of Ontario the statute provides that a maximum work week shall be forty-eight hours. The letter carriers of this province are working up to fifty-nine hours a week under the new post office regulations. It is not enough to say that this is a civil service matter. The workers of this country have a right to expect that the government of Canada will set an example to employers. It should not be a case of "do as I say and not as I do". All the high-sounding legislation under the control of the federal authorities

comes to naught if that same authority cannot so regulate its affairs as to ensure fair and proper treatment to its employees.

I should like to direct the rest of my remarks, Mr. Chairman, to the Unemployment Insurance Act and some of its regulations.

The primary object of the Unemployment Insurance Act is to provide for the employable person who suffers a period of unemployment. Members of this house will recall what the workers of the nation know, that this responsibility is jointly shared by three different groups. It is the responsibility of the employee to contribute his share to this scheme. It is the duty of the employer to assist by contributing a like amount, and the government has taken the responsibility of making the third side to the triangle by building up a fund which will serve the purpose for which the act was brought into being. With the enactment of the Unemployment Insurance Act, jurisdiction over employable persons left the provinces and was vested in the federal authorities. Yet now, Mr. Chairman, many years later, we have in the civilian labour force of Canada something over 5,200,000 persons. According to the latest report which I have at hand, the total number who are insured is 2,311,000; in other words, considerably less than half of the total labour force is listed as being in insurable employment.

This has been a matter of concern to many groups, and just recently was studied by the public welfare division of the Canadian welfare council. In referring to those who needed some consideration and who were not adequately provided for, it cites the unemployed and the self-employed who are not covered by insurance, and for whom in many communities no provision or inadequate provision is now made. Later in the same report there is a paragraph which reads as follows:

> The group of unemployed who are not covered by insurance, who have not contributed sufficiently long to be eligible for benefits, or who, under the present insurance legislation, have exhausted their benefits, is a group for which the highly fluctuating numbers make planning the most difficult. In "good times," this group is relatively small; in "bad times," it can become so large that it is completely beyond the financial capacities of provincial and local authorities. The unpredictability of its size makes financing from inflexible local revenues impossible. Nor is it just that local authorities should be expected to carry the burden of a group which is indistinguishable from those covered by unemployment insurance except by the fact that its members work in occupations for which insurance presents administrative difficulties, or that they are the victims of employment conditions over which the provincial and local authorities have no control.

[Mrs. Fairclough.]

This is a question which caused me grave concern during the time that I was on the city council of Hamilton, when I came into direct contact with this very problem. At that time I devoted a good deal of study to the problem, as I have since. There are many in this class of unemployed employables who never have been insured. Then there are those who are insured and who, when unemployment hits them, find that they have insufficient contributions to benefit. Regardless of the fact that they may have been paying into this fund for years, they will find that within the limits of the act, in the period to which they must have reference, they just happen to have an insufficient number of stamps in their book to enable them to apply for unemployment insurance benefits. There are those who fall upon particularly evil days and who receive unemployment insurance benefits but are forced to accept them for a length of time which eventually exhausts the benefits which are due to them.

Then there are those who are over—and I think I would be safe in saying this—45 years of age who are not particularly acceptable in many industries today, through no fault of their own. As workers they are just as good as, if not better than, some of the younger people. But I am sure hon. members of this committee know full well why they are not acceptable. It is true enough that some of the difficulty is the fault of the workers themselves who have from time to time insisted upon protection; and insurance companies being what they are, being dependent upon actuarial balances and wishing to establish themselves firmly, find that it is impossible to take older men into their insurance schemes.

I do not know where the fault lies, Mr. Chairman. It is a vicious circle. Certainly the men are right in seeking to protect themselves in their older years. But certainly it is also true that those who are financing these schemes and who feel that they must establish this insurance on an actuarially sound basis cannot be criticized for protecting the very contributions of the men who are paying into the fund. That is only right and proper; but it places the older man in a particularly bad position when he is thrown out of one job, probably through no fault of his own, and is forced to seek employment elsewhere. More often than not, that particular man finds that he is a drifter in the productive world. He takes a job where he can get one when workers are so much in demand that employers will take anyone; then when the labour force catches up with the demand, he is out again. Consequently

from that time on he has no continuity of employment and no hope of establishing himself for his old age.

There are also many people who work in agriculture in the summer; they drift out to the farms, work on the farms in the summer, come back into town in the wintertime and work in industry through the winter. Construction workers are encouraged to come to the city from other parts of Canada, and even from abroad. These people who come to the city for construction work have been told there is work there for them—I am speaking now in particular of those who come from other countries; they arrive in December and there is no work until March or April. This influx of building trades workers creates for the municipality a problem which is a grave one indeed.

Fortunately unemployment in 1951 was not moment the picture is bright. But in the year 1950 the local authorities in my city of Hamilton were greatly worried. As had been our custom, we had set up in the welfare budget an amount which we thought would be quite sufficient to take care of the unemployed employables for whom we must be responsible. I think I should explain, Mr. Chairman, to some of those who may not be familiar with the welfare regulations, that in Ontario the government accepts fifty per cent of the load of direct relief, and has laid down the rules by which that relief can be administered. It cannot be given to employables. Consequently if people are unemployed who would normally be placed in the employable class, they come immediately to the city for help. When their benefits are exhausted, or when they find that because of illness in the family they are unable to carry on, they come to the city for help. No local authorities will turn down applications for assistance to these people who have illness in the family or where there are small children to be taken care of. Consequently that load descends one hundred per cent upon the municipality.

We were faced with the problem a year ago when we set up an amount which was greater than that which had been set up in 1949, but which we thought would be adequate to take care of those people who came to us for assistance. However, the season was not far advanced when it was found necessary to supplement that amount by fifty per cent of the original figure. It was not a sufficiently serious situation to upset the economy of the city, by any means; but it was sufficiently serious that it pointed to what could easily happen with just a minor amount of unemployment in comparison with the total labour force.

The impact of these welfare costs on the municipality puts a grave burden on real estate and on property. When the property is a home, and when the home owner himself is a wage earner and pays unemployment insurance, he carries a double load. He pays for his own unemployment insurance, and, through his real estate taxes, the taxes on his house, he also pays for relief to those within his own municipality who are unemployed. Since many of these people in the larger centres come from other parts of the dominion, some from rural areas and some from other cities, the home owner is faced with accepting the responsibility for the care of all those who come from other provinces, and even from other countries. I contend, Mr. Chairman, what I have held for a long time, namely, that it is not proper that the total cost should be borne by local real estate.

In studying this matter I went back to 1945, the proposals of the government of Canada to the dominion-provincial conference on reconstruction, and I found there these words:

> Over the past seven or eight years there have been recommendations by the national employment commission, the Sirois commission and others, that the dominion should assume responsibility for necessary relief to the employable unemployed. It has been generally suggested that the dominion should accept this obligation as part of any general settlement with the provinces.

Then it goes on, quotes unemployment figures, and continues in these words:

> The coverage is incomplete and the duration of payments is limited, so that provincial governments and municipalities may feel that they are still subject to the possibility of heavy relief problems if unemployment on a substantial scale should develop.
>
> The dominion government in its statement on employment and income announced that the maintenance of a high level of employment and income was "a primary object of policy." The people of Canada and the provincial and municipal governments are thus assured of an active dominion policy to avoid and combat unemployment, but there is no underlying guarantee of payment of unemployment assistance by the dominion government if in fact unemployment should develop as a result of a possible world depression, or as a result of unavoidable dislocations beyond the immediate control of federal authority.
>
> As a part of the general arrangement with the provincial governments, the dominion government now proposes to establish a practicable and comprehensive system of assistance to able-bodied unemployed persons as soon as possible, rather than waiting until the need for it actually arises.

That was in 1945. Then I went back still further, Mr. Chairman, to the report of the royal commission on dominion-provincial relations, which of course was before the Unemployment Insurance Act was passed, and I found these remarks in that report:

> The experience of the past decade is conclusive evidence that unemployment relief should be a

dominion function. By unemployment relief we mean relief or aid for unemployed employables as distinct from unemployables.

On the next page there is an item which is headed "Definition of employability and eligibility for unemployment aid"; and, under this heading, it says:

Our proposal is that a clear line should be drawn between employables and unemployables and that the dominion should assume responsibility for employables only. In order to secure uniformity in the definition of employability, and hence equality of benefit for all provinces and municipalities, it would be essential that the definitions of employability and of eligibility for dominion aid be made by the dominion.

Then there is a footnote which elaborates this statement. I quote these excerpts, Mr. Chairman, from these reports to show the extent to which the problem has been recognized on a federal basis for many years, and yet to this day we have no acceptance of responsibility by the federal government for these people. When I make a plea for change in policy I do it on two different points: First of all, for the man himself and his family; and second, for the municipalities that are carrying such an unwieldy load of taxation, and for which there seems to be no immediate relief in sight. Any plan should be set up when there is no apparent urgency so that it may swing into action if and when any claims are made in either small or large volume.

The government has recognized the advisability of legislation of this sort. When I say that I mean introducing legislation at a time when there is no apparent immediate need for it, as is instanced by some of the legislation which has been passed by this house during the session. It should be recognized also in what is basically a non-defence department, although the workers in that department have an important effect on the defence preparations of the nation. It is unfortunate that it takes a war or the threat of a war to give our people full employment. For that specific reason I urge that this matter be considered as quickly as possible, so that the regulations may be geared to a peacetime economy.

As I mentioned earlier, there are in excess of three million workers in this country who are not covered by unemployment insurance, and there are some peculiar situations that develop. I received just this week two letters from men who have small farms, and who live close to the city of Hamilton. One of the men owns eight acres. I am sure everyone will agree that you cannot live on the production of eight acres of land. This land supplements his income by working in industry; or perhaps I should put it the other way round: he supplements the earnings which he makes in industry by what he takes off these eight acres of land. But he finds that although he has paid into the unemployment insurance fund for a number of years, and although he has been on steady employment for a number of years, yet he has been told by the officials that in the event of his being unemployed he could not benefit from unemployment insurance benefits because he is a farmer and owns a farm. Likewise, a friend of his, of whom I also have a record, was working for a construction company. He applied for unemployment insurance benefits and was told that he was not eligible because he had some property all set out in grapes. Although he had received no revenue from them, and the grapes were not yet ripe, and he had not yet been able to sell any, he could not get any unemployment insurance because of the potential revenue. Although he had contributed to the unemployment insurance fund for some time, he was not eligible for the benefits. These are cases that should be recognized because, Mr. Chairman, I find men working in greenhouses are listed as working in horticulture. Accordingly, there is a link-up with agriculture, and they are not insurable. Therefore on the one hand you have people who are not insurable and consequently would not be able to benefit from unemployment insurance in the event of their becoming unemployed. On the other hand, there are men who are paying into the fund and who cannot collect because they have a few acres of land.

There is still, Mr. Chairman, another item in the Unemployment Insurance Act of which I should like to speak at this time. It has to do with clause 5A (1) of the unemployment insurance benefit regulations, 1949. I am sure the minister is aware of this clause, and of some of the injustices which have been created by its enactment; but in order to refresh the memory of hon. members who may not be familiar enough with the act to recognize the clause by its number, I shall read the first subsection:

5A (1) Every married woman shall be disqualified from receiving benefit for the period of two years following her marriage unless she is relieved sooner from any such disqualification as provided in this section.

There are certain circumstances under which that does not obtain but, generally speaking, that is the ruling. I maintain that it is most unfair and, more than that, that it is unworkable. I do not know how it can be established that an individual has been laid off for any specific reason, because there is available only the word of the person concerned. There is only the word of the

employee as to the reasons for his remaining at work, and only the word of the employer as to the reasons for dismissal.

As I said before, I maintain this is a most unfair section. Of all the suggestions I have made today I would urge particularly that this section be repealed as quickly as possible. I suggest that the position of women, either married or single, in the labour forces of Canada, and particularly in these times of national stress, is so vital to the economy of the nation that discrimination of this sort is unthinkable.

I would ask that the minister give consideration to all these matters, some of which are current and of great importance, and others of which have been standing for many years. But in each and every one of them there is at this moment a certain element of urgency, and I bespeak his sincere application to their consideration.

Mr. Gregg: Mr. Chairman, I should like to refer briefly to a few of the points discussed by the hon. member for Hamilton West. First of all I would congratulate her upon her speech, and would thank her for the tribute she paid to my predecessor, Hon. Humphrey Mitchell, in which I join heartily. I join with her, too, in saying that many of the things for which he worked hard, and were instituted by him, are now bearing fruit and operating for the benefit of the people of Canada.

The national advisory council on manpower, which I announced in the house in a statement of some length, met in its first meeting shortly after the announcement was made. The object of creating such a body was to have the benefit of direct advice, alongside the indirect advice given in this chamber, from those who work from day to day as leaders in labour organizations, those who employ labour, the women of the country, the veterans and the farmers. The purpose was to give their representatives an opportunity to sit down together from time to time, on call, as may be required, in company with officials of departments such as the Department of Defence Production, the Department of National Defence, my own department and other departments which, while not so keenly interested as the three I have mentioned, still have an interest in the subject of manpower. I would think particularly of the Department of Citizenship and Immigration.

The advisory council held a meeting and, as an exploratory first meeting, it was successful; certainly those who attended thought it so. Certain subjects were decided upon for study, and it was arranged that further meetings were to be on call. Following the question the hon. member for Nanaimo asked a few days ago, I learned from Mr. Norman Robertson and Mr. MacNamara that they have sent out notices for a meeting to be held on the 18th and 19th of this month, and longer as may be required.

I can certainly agree with the hon. member in the stress she places on the importance of industrial peace at this time, and the fortunate situation in which Canada has found herself since last September, at any rate, in the way that leaders of labour have been working with management toward industrial peace. So much has this condition obtained that since last September the average number of people on strike in Canada at any given time has been less than 400 workers.

The hon. member said she would not discuss in detail—and indeed she did not—the railway situation which developed last September. However, she did mention the expression "compulsory arbitration", and referred to the fact that that feature of the act which we passed in the short session last fall still remains. If I understood her correctly, that was the meaning of what she said. I believe the real answer is that today that act is as dead as a doornail.

Mrs. Fairclough: I hope it will never live again.

Mr. Gregg: It is as dead as a doornail, because the things for which it was enacted have been accomplished; it is null and void. So that compulsory arbitration, even in so far as that act is concerned, does not exist at the present time.

Mr. Green: Yes, but it would be a precedent.

Mr. Gregg: The hon. member's observations as to the definition of confidential employment, and her references to uniform labour laws, anti-discriminatory laws, and other suggestions she made so ably in connection with federal labour laws will be given careful consideration.

When it was said that our labour force numbers about 5,200,000 it will be remembered, I am sure, that that includes all the farmers and a great many of those people who are engaged in businesses of their own.

Many of the hon. member's views as to the extension of the advantages of unemployment insurance, in so far as it is possible to do so, are in accord with government policy, and constitute a goal toward which the commission itself is working. When its operations

are being discussed in detail I would be prepared to give my hon. friend some information as to the progress that has been made, arising in some respects from the amendments to the act made a year ago.

I listened attentively to what the hon. member said as to her experience gained from active participation in municipal affairs and municipal government, all of which gave an indication of her close knowledge of that field of public service. I listened, too, to her reference to turning up two reports which only last fall shortly after coming to the department, and in the face of the oncoming federal-provincial convention, I too read with care. I had a notion they might be on the agenda. However, as everyone knows, it seemed desirable at the time to confine the discussion of the conference, with the result that those two subjects were not on the agenda. The matter of the responsibility for unemployment was not discussed—not because there was any doubt as to its importance, but rather because it was desired to limit the discussions of the conference to the two subjects which had priority.

I agree that now, in a period approaching full employment, is the time to give full consideration to a subject of that kind. As I read some of the reports of those commissions, I must say that, looking at them in the light of present-day experience I wondered whether to some extent they were not based upon the experiences of the harder days between 1930 and 1940. I say this with full knowledge that I am probably entering in where angels fear to tread, and talking with people who have had much more experience in the matter than I have.

However, as we stand today, I find it difficult to see how there could be a fixed line of responsibility drawn in respect of the unemployed employables as between Canada, the provinces and municipalities. Supposing the great lakes development is carried out? I am thinking of something that was decided the other day and which will more particularly benefit the people of my province, the suggested co-operation between the federal and provincial authorities in forest conservation work. Federal money is to be supplied and there will be co-operation by the dominion with the provinces. I am wondering whether consideration should not be given to co-operation in connection with projects that are worth while without relation to the responsibility of the men who are to take part in the work on them.

Mrs. Fairclough: Without wishing to interrupt the minister, but just while we are thinking on this subject, the very fact that at present there is a line drawn by reason of the responsibility accepted by the provinces and the responsibility which they refuse to accept would indicate that it is possible to establish a line.

Mr. Gregg: I am not going to develop that any further except to say that it is not being overlooked. If the hon. member will send me particulars of the special cases she has referred to I shall be glad to have them looked into. With regard to married women, the regulations were amended last fall and I should like to make a full statement in connection with this when we are dealing with the unemployment insurance commission. I can assure the hon. member that there was no intention of discriminating against women under the Unemployment Insurance Act. The advisory committee that was studying this matter felt that the regulations could be improved, but if we have made errors in attempting to improve them I assure the hon. member that we will continue our studies to avoid incurring any hardship.

Mr. Gillis: Mr. Chairman, first of all I should like to suggest to the minister with due deference that he is getting off to a bad start in getting his estimates through by answering each hon. member who may bring problems to his attention. We are dealing with the first item and every time the minister speaks he is bound to provoke other hon. members into making a speech. Having watched the previous minister of labour and other ministers work their estimates through the house I think the proper way to handle them—this would be in the minister's own interests—would be to let everybody talk and then sum it all up.

Mr. Gregg: May I say to the hon. member that it is not very often that I am talked to in this house by a lady.

Mr. Gillis: I am not going to attempt to analyse the minister's whole department because every single item in his estimates could involve a forty minute speech if it was analysed completely. I am going to confine my remarks to those things to which I think the Department of Labour should be giving priority at this time.

The Department of Labour is going to be the main mobilization centre both for defence production and for the armed services. According to radio and press reports the Minister of National Defence will shortly be before this house to tell us that the manpower requirements for military purposes have greatly increased and that there is also urgency for them. He cannot get that manpower from any other place in this country

except the industrial set-up, and that means a possible disruption of industry and a lot of headaches for the Department of Labour.

Regardless of the importance of the other departments of government, the Department of Labour is the most important as far as the mobilization of manpower for defence and industry is concerned. The minister has the greatest responsibility in that regard. Unless that responsibility is understood, unless those in charge are able to do the job and understand the job, the industrial set-up of this country will be badly disrupted and shortages will be created for defence purposes.

The first thing I should like to impress upon the minister is that when he announced the appointment of the 28 members of the manpower council and stated to this house that that council was to have the responsibility of looking after the industrial set-up, of allocating and re-allocating manpower and advising the minister as to where it could be taken from, I disagreed with the government in the appointments. I did not think the personnel selected were in close enough touch with the industrial workers of this country to be able to advise the minister as to what was or was not essential.

I am not particularly interested in whom industry has appointed to represent them, in who was appointed to represent the women of this country, to represent the Legion and so on. That was the prerogative of the government. If they think the appointments were all right, then they accept that responsibility. But I am interested in the people who have been taken in from labour because in the final analysis that is where you are going to get your real advice.

Let me refer for a moment to the representatives of labour whom the government has selected. I am not saying anything about these men personally. They are the executive heads of different organizations and in so far as they know the problem they will do a good job. As I said when I discussed this matter previously, after six years of war and four years of uncertainty the working people of this country are not going to be pushed around by people in ivory towers in Ottawa. I meant that. I know how the working people feel. Percy Bengough, the president of the Trades and Labour Congress of Canada, was one appointment. He lives in Ottawa. Another appointment was Pat Conroy, secretary treasurer of the Canadian Congress of Labour, who also lives in Ottawa. Another appointment was Gerard Picard, president of the Canadian and Catholic Confederation of Labour, who I presume lives in Montreal although I am not sure. Another appointment was James B. Ward, assistant grand chief engineer and dominion legislative representative of the Brotherhood of Locomotive Engineers and secretary, dominion joint legislative committee of the railways transportation brotherhoods, also of Ottawa.

Men who live in Ottawa and do their work in Ottawa have little conception of what kind of disruption is going to take place in an organization in Windsor or on the west coast. I suggested to the minister that these men were all right in an advisory capacity, but at the time I criticized this particular body I did so on the ground that they were too far removed from the scene of action to be able to say definitely what was going to happen in industry when it was being reconverted for war purposes. They are too far removed from the scene of activity to be able to give you a definite opinion. At that time I suggested to the minister the setting up of industrial councils. When I referred to "industrial councils" I meant that representatives from the industry concerned should be members of such a council. For example, one of the first industries affected by the change-over to war is the auto workers industry. The industry has received orders for vehicles, tank engines, and all that kind of thing. There is a shift taking place now in that industry. Men are being displaced, and so far as the manpower council is concerned nothing has been done to find out exactly what is happening. Overnight 3,500 workers in the Ford plant at Windsor are affected. The shift is putting men on the street. Before that happened the matter should have been discussed with the representatives of the automobile workers union, a large organization. Representatives from Ford, Chrysler and General Motors should have been called in.

They should have been told exactly what percentage of their plants was going to be swung over to war purposes, and they should have been told the number of men affected. They were not, they are still in the dark, and that particular type of action is going to continue. In my opinion the auto workers industry is going to be badly disrupted and changed from its peacetime base. When the union representatives visited the government departments for the purpose of finding out what was going to be done with the men laid off they were told that the aircraft industry is going to be expanded. That is quite true. They were told that there will be work in the aircraft industry, but that means that a man living with his family

in Windsor is going to have to leave Windsor and go to Toronto or Montreal to work. That will mean maintaining two homes because he is not going to be able to find housing in Toronto or Montreal to which he can move his family. It is going to cost him more to maintain his family and himself apart from them.

Another point is that wages in the aircraft industry are 25 to 30 cents an hour less than in the automobile industry, which is also a very serious problem. These men are highly organized. They have contracts, and they are not going to take kindly to such a move. You can have a disruption there of a type that you will not like unless the problem is settled. If these men are obliged to make a shift they have a right to know where they are going to live, and what is going to happen with respect to the differential in wages. They work under an agreement with the industry. They accept and I accept the necessity for the change, but if we are going to swing over 25 per cent of the plant production of this country to war purposes then organized workers who have contracts will be displaced. They are not unemployed; they are displaced because of the change to war production.

That is an angle that should be discussed with the representatives of the workers affected. In addition, if the manpower council is going to operate as it should, if it is going to seek manpower for military purposes, then it should determine the industries from which it is going to take them. That is not hard to find out because the government has decided to give war orders to certain plants which means they are going to change their assembly lines. Before any decision is made by the manpower council or by the Department of Labour, representatives of the workers involved should be called in, and their contracts should be examined. If you are going to move them you must have places for them to live, and the matter of the differential in wages should be taken care of.

I do not think the quiet manner in which the defence program has been going along will continue for much longer. I do not believe that the developing international situation will permit us to be too complacent much longer, and I believe the tempo of our defence program will have to be stepped up very quickly. As a safeguard against disruption in any plant that is being swung over to defence production, I strongly suggest to the minister that he call in the representatives of the men affected. Instead of the manpower council, what I wanted to see was industrial councils formed, something that I have suggested for the last five or six years, in the basic industries of the country such as the automobile workers, coal, steel and the packing houses. These industries are very essential to the economy of the country. Industrial councils could be formed so that representatives could come here to discuss a particular industry and what its role was going to be in the defence program for which we are preparing. I am going to leave that with the minister because I think it is the most important thing that his department has to handle at the present time.

There are little odds and ends that I shall bring to his attention. The hon. member for Hamilton West spoke this afternoon about unemployment insurance and all those things. We agree with her and support her representations. There is no need to repeat them. There is another problem in the field of labour relations that I should like to bring to the minister's attention. In Canada today practically every industry has come to the conclusion that a man must work every day. Most industries have inserted in their contracts certain penalties for absenteeism, a thing that is pretty hard to define. I challenge anyone in this house or any industrialist in the country to define absenteeism for me. I have my own definitions. I can give a million reasons why a man might be off work in a particular industry, but the trend to working every day has been pretty highly developed.

This matter affects the Department of Justice. The point I am coming to is that after working for five days the average worker likes to go out on Saturday and take a drink of beer. Many of them commit small infractions of the law. A man may be driving a car, get into a bit of difficulty and wind up with a mandatory seven-day jail sentence. He also loses his licence to drive. For these slight infractions involving the loss of work for a few days—and it happens all over the country—he pays the penalty prescribed by law. That should finish the matter but it does not. When he goes back to his employment again he finds that his employer has also penalized him. He has taken his means of livelihood from him. He says: We do not want you in our employ any longer.

The man was fined or jailed, he paid the penalty prescribed by the laws of the country, and then his employer says: I am sentencing you further; you are not going to work any more. When a man is let out in that way by an employer the only thing left for him is to look for unemployment insurance. When he goes to look for unemployment insurance he finds that he is penalized again. They deprive

him of any payments for the first three weeks because the employer fired him, and in some cases he is not paid at all. I have taken up this matter with the Department of Labour. I know that the officials of that department with whom I deal are very flexible in their views. They will stretch the law as far as it will go, but there is a limit beyond which they cannot go. I want the Minister of Labour to inquire from the Department of Justice whether an employer, after a man has paid the penalty prescribed by law, can then further penalize him by depriving him of his employment. After a man has paid unemployment insurance since its inception and has never drawn any of it, is it justice to deprive him of it because of a slight infraction of the law? He may have been off work a short time, but should he be penalized in that way? I am not going to elaborate any more upon it, but there are cases of that kind. I have brought them to the attention of the labour department. I should like the Minister of Labour to make some inquiries of the Minister of Justice to ascertain whether an employer has the right, after a man has already served a sentence, to further penalize him. I was always led to believe by the legal minds in my part of the country that it was a statutory offence to deprive a man of his means of livelihood. That is exactly the position the employer is taking in the circumstances I have described.

In connection with this matter of unemployment insurance—

Mr. Goode: I should like to ask the hon. member what the unions' point of view is in that case? I am interested in that.

Mr. Gillis: It was a union that brought it to my attention. The secretary of the union wrote to me giving me the names of several people who were affected in that way. He made representations which I passed on to the Department of Labour. The answer from the Department of Labour was far from satisfactory, and it is for that reason I am bringing it to the minister's attention. As a rule, such matters can be ironed out with the labour department.

With regard to unemployment insurance, I should like to mention the problem of the displaced person in the swing-over to war production. For example, the auto worker is fairly well paid. His wage rate is among the highest in industry. All of a sudden, he is told he is unemployed because they are swinging the assembly line over to vehicle production and it will take some time to retool. He will be off work a month, two months or three months. He finds himself without a pay envelope, so he goes to the unemployment insurance office. Now, that man was earning perhaps $90 a week, and that is not unusual in that industry. He finds himself cut down to $14 or $15 per week, and I do not think that man should be penalized in that way. The employer is not suffering any loss. If the government requisitions a plant for war purposes, clauses are written into the contract protecting the industrialist from loss. New equipment is provided, and special depreciation rates and all that sort of thing protect the industrialist. A man whose income is suddenly cut off because of the swing-over to war production should not lose that income. I believe the Unemployment Insurance Act should be revised to cover that particular case so that the man could be paid approximately what he was earning. I believe he is entitled to that. There is about $647 million in that unemployment insurance fund now. There will be a lot of unemployment of that type. The auto workers are affected now, as are the Massey-Harris people, and all the industries that are going to be swung over to war production will be affected. I do not think it is fair to protect the employer against losses and throw the employee out in the street, then ask him to eke out an existence on unemployment insurance until such time as he is placed in employment somewhere else. I want the minister to consider that matter, because I know the auto industry is beginning to be badly affected by it, and I believe it is going to be much worse before very long.

In my opinion the thing to do is to call in the heads of the auto unions. These are sensible men and the matter could be discussed with them. An understanding having been arrived at, they would be able to go back and properly advise the employees before a lot of resentment and disruption occurred.

Now, Mr. Chairman, I said I was not going to rehash a lot of things. In conclusion, I should like to say this for the benefit of the member for Hamilton West. She talked about men 45 years of age, but actually it is 40, not being required in industry any longer, and that is correct. She was also right when she said that the reason for that is that industries are providing pensions on a contributory basis, and they did not want to take in men at that age because they would not contribute long enough to make up for what they might draw out; that is absolutely correct. In my opinion, her solution to the problem was not correct.

Mrs. Fairclough:. I did not offer any solution.

Mr. Gillis: You made some suggestions. There is only one solution to that problem, Mr. Chairman—

Mr. Hatfield: Unemployment insurance.

Mr. Gillis: No, unemployment insurance does not cover it. There should be established in this country a contributory retiring allowance handled by the annuities branch of the Department of Labour. I have said that a good many times in this house. In my opinion, the pensions from industry to industry across this country today are a terrific waste of money. Look at the duplication of administration they have. No two industries in this country can provide the same rate of pension. There are hundreds of thousands employed in small industries who will never receive any pension at all. Those industries have not got that kind of money. There will never be any solution to the problem until the federal authorities—in my opinion it has to be the federal authority—confer with the industrialists and show them where they could save a lot of money by contributing now to a central fund handled by the annuities department. This department has the best actuaries in the country with experience in working out plans of this type. It could be handled effectively by centralizing it in Ottawa. In my opinion, this plan would cost 50 per cent less than we are paying today for these other disjointed haphazard schemes that industry is trying to run. We have to work towards that.

The old age pension is fine. It is a patch on this leaky ship that has been sinking for a long time. It is the best we can do, but we are going forward now into a streamlined age. While we may carry on with it as it is, we should start now, not providing a small pension of $40 per month at 70 or 65, but allowing men who are employed in industry to contribute to a retiring allowance that is going to mean something. It should be approximately $100 or $150 a month, something towards which they could contribute in co-operation with the industrialists of this country. With the brains available in the annuities branch, with the money that has been thrown around in some of these other schemes, a real retiring allowance could be established which would cost the taxpayer of this country practically nothing except the administration of it by the federal government. I should like to stress again that it should be a federal matter, because if you get it back to the ten provinces then you have a lot of duplication in administration. Look at the family allowances branch. The cheques go out regularly every month from the federal government and there are never any complaints about the administration. I believe that a retiring allowance on a contributory basis, directed from Ottawa, would take out of the field of struggle and discussion this old age pension, and all of these things would disappear, at least for the next generation. That is one contribution we should make to them.

Mr. Johnston: Mr. Chairman, like some of the others, and particularly the member who has just spoken, I do not intend to go into this matter in too much detail at the moment. I think probably we can make better progress as the various items come up for discussion. But there are a few general expressions of opinion that I should like to voice on this occasion. For the length of time that the Minister of Labour has occupied that position, I think that generally speaking he has not done too bad a job. He has a big job on his hands. But one thing that has assisted the Minister of Labour more than anything else, I think, was the outbreak of the Korean war. Much as we hate to admit that some of our problems are solved by wars, nevertheless it becomes a fact, whether we admit it or not.

Hon. members will recall that, just before the outbreak of the Korean war, we had about 423,000 registered unemployed; and that is not counting the unemployed who were not registered. But the government itself was not much concerned about it at that time, because it looked to all of us as though that huge unemployment problem would be taken care of in the near future; and it was taken care of. A great many of those men who were then unemployed joined the armed services, and that solved the problem for the moment. But as soon as that war is over—and we all trust that it will be over as quickly as possible—we are going to return to our unemployment problems again. Now is the time when we must make every effort to improve our labour relations so that those problems will not be so serious when they come up again.

I want to speak for a moment or two, Mr. Chairman, about the manpower council that was set up this year. I said at the time I was speaking with regard to the matter that I thought in general it was a good thing. I think so yet. I think it has great possibilities. But like the hon. member for Cape Breton South, I have had complaints with regard to the allocation of workingmen.

Representatives of organized labour from Windsor, from Oshawa and from western Canada have visited us in our offices. One of the complaints which they are making is that there is not the proper co-ordination

which enables men to keep and maintain steady employment. They pointed out to us that there are, both in Windsor and in Oshawa, large numbers of men who are being laid off right now when we are supposed to be at the peak of employment.

They are laid off because the plants have been promised war contracts; and of course the production of commercial vehicles is cut down. But the plants have not yet started the production of military equipment. In fact, the drawings are still on the boards. As the hon. member for Cape Breton South said, it does not make any difference what plans are being inaugurated, or what plans are still on the drawing boards. If these men are not employed, they are facing an extremely difficult situation; and that situation becomes particularly difficult in view of the increasing prices. That situation points to a certain amount of lack of co-ordination with this manpower committee.

Then we have the same situation with regard to the mining industry of western Canada. This has been drawn to my attention in my own constituency, and it is a serious thing for us out in that part of the country. This year we are losing over half a million tons in coal production. That is something which is due largely to circumstances beyond the control of the Department of Labour, but not beyond the control of the government. We are still importing huge amounts of coal from the United States, thus doing away with our western market. Then we have the discovery and the use of oil and gas, which is causing the displacement of coal. But regardless of that fact, large numbers of people are becoming unemployed in western Canada owing to the curtailment of mining. I do not want to get into a discussion of the coal mines in this debate, but this situation has a material effect on the Department of Labour. I therefore think it would behoove the Department of Labour to use every means they have at their disposal to insist that the government initiate a complete and comprehensive plan for a national fuel policy so that this labour problem, particularly as it applies to miners in western Canada, will not increase but in fact will diminish.

I want to say a word about compulsory arbitration. I think there are few if any hon. members who agree with the principle of compulsory arbitration. A moment ago the minister pointed out that this idea is as dead as a doornail; I think that is what he said. I think he is right in that respect. I do not know what the government's attitude would be if a similar occasion arose. I suppose we would have to settle the matter when we came to it. But from the standpoint of principle, I am strongly against compulsory arbitration; and I could not express the view half so well as it was expressed in the *Labour Review* a short time ago. I think I should put it on *Hansard*, particularly because it is the view of some labour leaders. The title of this article is "Compulsory Arbitration, a Totalitarian Concept" by the Hon. L. B. Schwellenbach, then Secretary of Labor of the United States of America. He has this to say about this particular subject:

> The principle of compulsory arbitration does violence to our whole Anglo-Saxon concept of law. Many people say that it is customary under our system when two people have a dispute to take that dispute into court and let the court decide which side is right and which is wrong. So far as contractual relations between parties is concerned, it has never been within the purview of the court's power to write contracts for people.
>
> Once contracts have been written and agreed upon the courts will interpret and enforce them, but no court has attempted to write contracts. That is what those who advocate compulsory arbitration would have the board of arbitration or a court do for the parties.

May I interject to say that I think that would be exactly the case if we accepted the general principle of compulsory arbitration. The article continues:

> It must also be realized that if an arbitrator writes a contract which, by increase in wages or by any other device, increases the cost to the employer, it will then be necessary for the arbitrator or for some governmental agency to determine what price the employer may charge for the products which he manufactures and sells. Just as sure as night follows the day the second step must follow the first. The government cannot control the industrial-relations side of the problem without controlling all of the other steps and the manufacture, distribution, and sale of the goods produced. Therefore, those who unwittingly believe that there is a simple answer through the medium of compulsory arbitration have not looked further down the road which must be followed if such compulsory arbitration is to be effective.

I think almost everybody will agree that that would be the natural result if we were to extend this principle of compulsory arbitration; that there is just no end to government interference all the way down the line of production.

Let me turn to one other subject which has interested me. It was mentioned by the previous speaker. I refer to industrial pensions. I have never thought that an industrial pension was the solution of our working-class problems. I do not yet. The ones, and the only ones, who can benefit are those who are employed in industry and receive that pension; and it must of necessity increase the price of the goods produced.

I like the idea suggested by the hon. member for Cape Breton South. I just forget how he described it, national pensions for all, or something to that effect, retiring

pensions. This is not something new, Mr. Chairman. Just refer to family allowances. We were the first ones in the house to mention them back in 1935. We called them by a different name, but that does not make any difference. We called it a national dividend, and everyone in the house without exception laughed at it and the Liberals laughed at it the loudest. Yet, they were the ones who came around and gave us family allowances. And mark you, lo and behold, when the Prime Minister introduced the bill—and I remember it so well—he used the exact terminology, the exact phrases that we had used in advocating a national dividend. To this day not one Liberal has spoken against the national dividend as it is applied to the family allowances.

Now we have the suggestion of a national pension, with which I am in accord. With regard to a national pension to industrial workers, I am not going to say now that it would be improper to give it. When the family allowances were given I did not say that it was improper to give them to the children. I think that was right. It was a start on the thing that we were advocating. National pensions are a step further in that same direction. I do not see how you are going to confine it just to those who are employed in organized labour, because there are many people in this country who deserve pensions and who are not employed by industry, and who have no possible chance of receiving an industrial pension. And yet, all these people contribute to an industrial pension.

I am a hundred per cent behind the hon. member for Cape Breton South when he advocates a national pension. I think the idea is perfectly sound. We are coming to the time when the country will be forced to do something like that, and it is much better for us to progress. We started out by giving family allowances. All right. Let us go another step further and give national pensions to those people of fifty years of age or over. As time goes on, it will be necessary to continue that, and I shall be most happy when everybody in this country receives a national pension, a national dividend, or whatever you wish to call it.

Some mention was made of unemployment insurance. I have a little experience of the way in which this insurance is applied, and certainly it is not beneficial in all cases. On this occasion I am not going to repeat what has already been said, except to say that in principle I think it is definitely wrong to extract unemployment insurance contributions from employees who have no possible chance of benefiting under the legislation. Take people who are employed part time in agriculture—and I have case histories of them in my office. I have taken them up with the department in regard to income tax, and other things of that nature. They have to make contributions to the unemployment insurance fund without any possible hope of ever receiving any benefit therefrom. It seems to me that in principle it is definitely wrong and should be changed.

I do not want to prolong this opening discussion. I shall have something to say on the items as they come along, but I thought I should express a few comments on this occasion.

Mr. Cauchon: On April 17 I called the attention of the house to industry's reluctance to engage employees who had passed the 45-year mark. The problem of the older workers is one facing most democracies of the world today not only in North America but also in many western European countries. Since that time added information has come to my attention and this new information is so interesting that I think it is my duty to make it known to hon. members now. It concerns the practical measures being considered or put into effect in other countries to cope with this problem, which is becoming more acute as the curve of the average age of workers gets steadily higher.

On page 1 of the report, dated April 11, 1951, issued by Mr. Chester W. Hepler, chief of the manpower division of the international labour office in Geneva, we find the following:

> In the first place, many of these countries are faced with the problem of an aging population, which means that the active population includes an increasingly high proportion of workers in the older age groups (over 40 or 45).

When I brought this problem to the attention of the house I enumerated the arguments of some industries and, I believe, in large measure refuted them. In conclusion, as reported in *Hansard*, pages 2097 to 2103, inclusive, I asked that a committee of the house be set up to study the whole problem.

I am more fully convinced that the matter can be solved only by careful study and research, this research to be carried on by the government with the co-operation of labour and management.

In this respect, let us see what is being done in other countries, namely, Belgium, France, the German federal republic, The Netherlands, Switzerland and the United Kingdom. Of Belgium, the report has this to say:

> The leading article in the "Revue du Travail" of October, 1950, discusses the problem arising out of the aging of the Belgian population. The theme of the conclusions is the need, on behalf of the national economy as well as on behalf of the

workers concerned, to change its increasing practice to reject older workers in favour of young workers.

France too is considering legislation for 1951 to deal with the practice of discrimination against its older workers. Again I quote:

Government Action in Respect of Employment of Older Workers

The following give, briefly, proposed legislation being presently considered by the labour and social security committee of the national assembly, 1951 session:

1. Proposed law (No. 11,995) that industries employing more than five wage earners should, in engaging such workers, reserve 25 per cent of such engagements for persons over 50 years of age.

2. Proposed law (No. 11,951) asking private undertakings to draw up a list of occupations which could be satisfactorily fulfilled by women over 50 years of age, and a second list of the occupations they could fulfil after an accelerated apprenticeship course.

3. Proposed law (No. 11,996) that single women of more than 50 years registered in the departmental employment offices should have the right to unemployment benefits.

The committee in its remarks accompanying these proposed laws refers to the difficulty of these workers in finding employment on account of their age and of other associated reasons. It also points out that age statistics of available workers, labour force, indicate that 25 per cent of employment must come from workers between 50 and 65 years.

In the section dealing with the German federal republic under government action, we find:

The Minister of Labour, Saar State, in a statement in January, 1951 offered to pay to enterprises taking on workers over forty-five years, a subsidy out of the unemployment insurance funds to meet the salaries of these workers. This subsidy would be paid during a period of three months to enable the older worker to refresh the vocational skill he lost during a long period of unemployment.

Again, referring to The Netherlands, we find:

The report of the national labour office for the last quarter of 1949 states that, with a view to finding a remedy for unemployment among older workers, the labour office was collaborating with the labour foundation in a campaign to induce employers to employ greater numbers of these workers.

From Switzerland comes the following:

The quarterly bulletin on employment matters, *Possibilités de Travail,* edited by the special official delegate to the Swiss federal government, stated in July, 1950, that while there had been, recently, little difficulty in placing qualified workers in Switzerland, all parts of the country reported that it was becoming more and more difficult to find employment for unskilled or insufficiently trained workers or for middle-aged workers. The writer stated that this was again evidence of the importance of systematic and well planned vocational training.

The same writer in January, 1951, stated in an article entitled "Too Old at 40" (referring to employees in commerce) that work seekers between 40 and 45 years in search of employment are finding it very difficult to get employment. Employers prefer young workers.

Replies to a questionnaire put by the Alliance de Sociétés Féminines Suisse to several employment placement bureaux, January, 1951, showed that the number of women workers over 40 years unable to get employment had increased markedly during 1950, and that placing them was proving difficult, and very difficult in the case of unskilled women workers.

The employment bureaux stated that they made special efforts to find employment for these older workers. Officials went personally to employers on their behalf.

The United Kingdom too has concerned itself with this practice of rejecting older workers. The parliamentary secretary to the Minister of Labour during the adjournment debate in the House of Commons July 19, 1950, stated:

The seriousness of employment among men aged 51-55 and 56 and over can be seen from the fact that the figures of 12 per cent and 23 per cent, compared with 7 per cent and 11 per cent of the working population. It is hardly surprising then, that the older men remain unemployed for longer periods than the younger men.

In the age group under 40, at December, 1949, 25 per cent had been unemployed for periods between eight weeks and one year, and this proportion rose to 33 per cent for the age group 41-50, 36 per cent for the age group 51-55 and 37 per cent for men over 55. For the same age groups, those unemployed for more than one year represented 6 per cent, 16 per cent, 20 per cent, and 28 per cent respectively.

Government Action

The following information relates to action since the war years and in respect of the employment of older workers generally rather than action in respect of the special problem of the continued employment of workers of retiring age. The ministry of labour report for 1947 stated that the ministry took every occasion offered to appeal to employers not to impose unduly low age limits when engaging staff. The ministry sought the assistance of the association of British chambers of commerce and pointed out that age distribution of the working population was changing and that employers must realize that their staffs will have to include a higher proportion of older men. The association have given wide publicity to this problem.

The ministry of labour report for 1948 referred to consideration of the problem being given by local employment committees. Able-bodied unemployed persons as well as the disabled in United Kingdom, are admitted to courses of industrial rehabilitation under the Training and Employment Act of 1948. The parliamentary secretary in his statement to parliament, July, 1950, quoted statistics to demonstrate the opportunities made by the government to allow older men and women to enter the civil service.

The recognition of this problem by the government along the lines indicated in the above references, has on several occasions been re-stated in the House of Commons during its recent session in 1951. The minister has placed the matter before the national joint advisory council. A social survey to ascertain the views of employers about the employment of elderly workers and the attitude of the elderly workers was undertaken, at the request of the department, by the central office of information last year. The survey is completed and the report on it is being drawn up at present.

Certainly the Minister of Labour will agree that he is the logical one to take the lead in seeking a remedy for this social problem. In other countries it has been the department of labour which has undertaken to find a

solution. Since Canada has led the way in many social services I should like to see our country assume leadership in this particular field.

The Minister of Labour has at his disposal experts in all matters pertaining to labour. Of course I do not know the superintendents of the employment offices in the other provinces but I do know Mr. Marcel Guay of Montreal, a man in whom I have the utmost confidence and who would, I am sure, be an asset to such a committee. It can be expected that the other provinces are similarly fortunate in their superintendents. The employment offices of this country gave conclusive evidence of their competency during the last war by their direction and handling of the manpower resources of this country to meet the war's tremendous demands for labour. I again ask the Minister of Labour to consider the setting up of a special committee for the following purposes:

1. To approach every superintendent of each employment office in all the provinces of Canada and request him to appear before the committee to submit briefs in connection with the situation in his respective province.

2. To send to each manager of every employment office in Canada an invitation to submit in writing his opinion of this matter of employment of older workers. At a relatively small cost recommendations would thus be received from the men in closest contact with those in this age group who are seeking employment. The committee would then be in position to call before it the managers who seem best able to give information and constructive advice upon the subject.

3. To call upon labour also to submit through its union leaders, or other representatives chosen by the unions, labour's point of view and counsel.

4. To request a representation from industry whose recommendations would receive careful consideration.

5. To solicit the aid of those from our universities who are known specialists in the field of social and industrial relations, or of any other recognized experts in the causes of unemployment, especially experts in the rehabilitation of the unemployed.

Now is the opportune time for the Department of Labour to take action because it appears that industry is more than ever willing to co-operate. Many industrial leaders agree that modern management is not the management of yesterday. Among these is George K. Foster, whom I quoted in my speech during the budget debate and who states:

> Modern management is not just cold industrial efficiency. Modern managers are equally concerned with industry's human relations, with the dignity of man and with the harmonious co-ordination of men and machines.

In addition I am delighted to quote again the encouraging remarks of Mr. F. W. Winspear, president of the Canadian Chambers of Commerce, who surely is in a position to know and reflect labour's attitude. He said:

> As we move further into this period of deepening crisis, I believe that Canadian business is ready and alert to assume its leadership which the country has the right to expect of it.

And again:

> I believe attention should be directed toward the emergence of a fine new national spirit, the sense of enlightened leadership on the part of the businessmen of Canada.

In view of such statements the committee could feel free to call on these and other industrial leaders to advise and assist it in its work. Although in the past a committee has been appointed representing labour, industry and government, never has a committee of the house been set up to consider this and related problems. If such a committee were set up the government would then be in position to advise the house as to what steps could be taken to alleviate the high incidence of unemployment among older workers. Perhaps the minister would be kind enough to give an expression of his views on the subject.

Mr. Pearkes: Mr. Chairman, I should like to address a few remarks on the question of the manpower advisory committee. As you will recall, that committee was set up by order in council dated February 1. The Minister of Labour outlined the scope of the work of the committee in a statement to the House of Commons on February 5. He stated at that time, as reported on page 71 of *Hansard*:

> The duty of the council will be to consider various aspects of manpower questions; to advise on plans under review, and to suggest plans which should be developed so as to make for the most effective utilization in the national interest of the present and potential man and woman working force of Canada.

The intention was to have the working personnel distributed among the armed forces, defence production and civilian activities in the most effective manner possible. By coincidence or by design, I know not which, the Minister of National Defence outlined on the same day the defence requirements which were being instituted in order

to meet the government's program made necessary by the international situation as it then was. I will not elaborate on those various requirements, but in summing up the Minister of National Defence said, as reported on page 97 of *Hansard* of February 5:

> This whole program involves an increase in the number of service and civilian personnel employed full time on defence from the present figure of about 90,000 to a total of about 148,000.
>
> That is the program, a large one for a country of 14 million people still involved in developing its natural resources and also facing the task of maintaining essential services over an area of 3½ million square miles.

That gives some idea of the problems which face this committee. I have a feeling that perhaps the appointment of this committee was prompted by recommendations which were made at the annual convention of the Canadian Legion held in Winnipeg in the previous fall and contained in a brief submitted to the government under the title of "Operation Preparedness." They had placed as the first requisite the need of a review of the manpower situation in the country. In fact they said that nothing could be done to organize effectively manpower in this country until a full scale review of our manpower resources had been made.

I am quite certain that the returned men of this country were delighted to know that the advisory committee which was to make this review was to act under a minister who had only recently given up the portfolio of veterans affairs. The Canadian Legion stressed also that this review would require time in order to obtain information and to interpret the results which would be arrived at. They emphasized that owing to the seriousness of the situation, and because everything else hinged upon this review being made, no time should be lost in making a start to carry out this work. Since last fall, since the time that the statement was made in the house in February, the manpower situation in this country has deteriorated. It has become more critical. We have learned through the papers in the last twenty-four hours, and from the announcement made by the Prime Minister this afternoon in answer to a question of mine, that the Minister of National Defence will be making an important statement this evening regarding the manpower situation and the further needs of national defence. The headlines all across the country of last night and this morning were that there was an appeal going out for thousands of recruits to be called up to our forces. Unless these recruits are going to be drawn in the same old haphazard way, it is essential that a review should be made of our manpower resources.

One is amazed that this committee, which was set up on the 5th of February with a great flourish of trumpets, should have only held one meeting in the past three months. I am still further amazed that the Minister of Labour should have announced this afternoon, with a certain appearance of satisfaction, that the next meeting would be called two weeks hence. I have much sympathy with the Minister of National Defence who has been earnestly pleading for recruits, and who apparently has been untiring in his efforts to try to raise the forces which he considers necessary. I wonder whether he has struck the same responsive note amongst some of his colleagues, because the surprising procrastination on the part of the Minister of Labour in summoning the advisory committee certainly would not indicate that there is a firm determination in some other departments to get on with the job of raising men, to assess the real problem and assign individuals to their various occupations. Dangerous delays have already occurred, and if the appeal is going to meet a response throughout the country I am afraid that, as I said a moment ago, it will be a rather haphazard response.

Other speakers have mentioned that the manpower committee appears to be rather overloaded with a majority of high government officials. Apart from the chairman there are at least as many of them as there are from the various other groups in this country. They are centralized in Ottawa and, as the hon. member for Cape Breton South pointed out, they may not be in close touch with labour across the country. If these other individuals are only called once every quarter to give advice, the only result will be that they will feel that they are very much of a blind to the government, that no real responsibility is being placed on them, and they themselves will lose heart in the all-important task that they have been assigned.

I appeal to the minister to start immediately to plan for the orderly employment of workers so that there may be the greatest efficiency and the least disruption of industry. I believe that the first step to be taken is a review of the manpower resources of the country. We are told that the advisory committee examined that problem at their first meeting. They may have been examining it in the various parts of the land in which they live, or the examination may have been left entirely to the government officials here; but I suggest that, in view of the seriousness of the situation as it exists today, there is no time to be lost. We are told that industry is scouring the country for trained workers at the present time. I do not know

how much the Department of Labour is doing to train tradesmen. There are a few dominion-provincial schools scattered across the country for the training of men in the various trades.

As a very definite extension of the defence preparations now being undertaken I would urge that the dominion-provincial vocational training schools be expanded, and that in some cases excellent facilities in existence in these schools be made available to the armed forces. In the armed forces there is a very high percentage of tradesmen now, and I think that there is a means of encouraging young men to learn a trade which can be of value both to themselves and to their country. I urge the minister to throw off this rather complacent, happy-go-lucky, business-as-usual attitude, and to have the advisory committee sit at frequent intervals. After he has heard the remarks to be made by the Minister of National Defence tonight I hope he will give instructions to convene the advisory committee sooner than two weeks hence.

Mr. MacInnis: Mr. Chairman, I want to say a few words in the debate that has developed on the administrative item in the Minister of Labour's estimates. First of all I wish to congratulate him on assuming this very important portfolio. I am sure that he will give equal satisfaction in discharging his duties in this department as in the department he previously headed, and where in my opinion he discharged his duties with considerable distinction. I wish to congratulate him also because in the main since he has taken his new office industrial relations in Canada have been fairly good. He came in at a bad time when the railway dispute was brought forcibly to the attention of parliament and the government. Having got that out of the way, I do not think he has been particularly hard pressed since. I would urge him not to think that these good times are going to last forever.

The conditions that we have had during the war years, and since then, have been such that it was fairly easy to maintain good labour relations. We have been passing through a time of high employment and rising prices; when labour made demands, these demands could, generally, be met. Employers have been able to throw any additional cost onto the community in increased prices. As I said, that may not last forever, and I would hope that it would not last forever if the circumstances that have caused it, that is war, the aftermath of war and then the preparation for another war, are the best that we can do in providing full employment.

[Mr. Pearkes.]

Over the years governments in Canada, regardless of their political stripe, have been reluctant to put legislation on the statute books to protect labour. Very little, if anything was done to protect labour during the depression years of the 1930's when labour was in a terrible plight. There was a surplus of labour in the market and the employer was in what we might call today a buyer's market. Very little help was given to labour by any government, either Conservative or Liberal, during those years. During the war years when there was a huge demand for labour and there was full employment labour's position improved. War's needs made full employment a necessity and labour could make its power felt by withholding its labour. Then, governments both federal and provincial concluded that labour legislation was necessary.

Compared with the legislation in other countries, the labour legislation we have in Canada today is not too bad. I am not saying that it is good enough or that it is perfect, but in comparison with labour legislation in many parts of the world it is not too bad. I can say that because I had the opportunity last year of attending the international labour conference at Geneva where questions concerning labour legislation were our main agenda. In the matter of conciliation and arbitration legislation, Canada is not too badly off. I made a statement to that effect on my return, and I want to make it again now.

I believe it was the member for Bow River who referred to compulsory arbitration. He was strongly opposed to it. I believe that labour in this country is strongly opposed to compulsory arbitration, but I do not believe we can rule it out altogether unless labour and industry can find a better way of conducting their business.

Although I imagine everyone in this house is opposed to compulsory arbitration, we found when we met here in special session last August that compulsory arbitration legislation was put on the statute books. The disputes between the railways and their employees was referred to an arbitrator, and from his findings there was no appeal. Now, that is compulsory arbitration, but compulsory conciliation is an altogether different matter. It is accepted by both labour and industry in this country, and I think it helps to make for more peaceful settlement of industrial disputes, and for better relations between employers and labour.

I see, Mr. Chairman, that it is about six o'clock, so I shall continue after the recess.

At six o'clock the Speaker resumed the chair and the house took recess.

AFTER RECESS

The house resumed at eight o'clock.

OLD AGE PENSIONS

AMENDMENT TO BRITISH NORTH AMERICA ACT—TABLING OF CORRESPONDENCE

Hon. Stuart S. Garson (Minister of Justice): Mr. Speaker, I wonder if I might, with the permission of the house, revert to motions for the purpose of tabling the correspondence, from March 6 up until this afternoon, in both English and French, in connection with the old age pensions constitutional amendment.

Mr. Knowles: Mr. Speaker, this correspondence will be printed as an appendix to *Hansard*, will it not?

Mr. Garson: Yes.

Mr. Knowles: Thank you.

(For text of correspondence see appendix, pages 2726-43.)

NATIONAL DEFENCE

STATEMENT RESPECTING ADDITIONS TO ARMED FORCES

Hon. Brooke Claxton (Minister of National Defence): Mr. Speaker, if I might revert to motions for the purpose of making a statement—

Mr. W. A. Robinson (Simcoe East): Mr. Speaker, before this motion is proceeded with, I wonder if I might be permitted to say a word. As the sponsor of one of the private bills which would ordinarily be taken at this time, I do not in any way wish to refuse unanimous consent for the Minister of National Defence (Mr. Claxton) to go ahead with his statement. But if hon. members of the house give unanimous consent to revert to motions at this time, I would hope that later in the session some consideration might be given to the time which we have already lost in private bills hours. You will remember, Mr. Speaker, that we gladly gave up an hour a week or so ago in order that the Minister of Finance (Mr. Abbott) might present his excellent budget. This evening, if this statement is gone ahead with, we shall lose some more time. I would merely ask at this time that, if hon. members give unanimous consent, later in the session private bills be given some consideration.

Mr. Claxton: Mr. Speaker, last December the twelve nations who were partners under the North Atlantic treaty decided to set up an integrated force in western Europe to deter communist aggression. General Eisenhower was appointed supreme commander.

As a party to the North Atlantic treaty and in the interest of the defence of Canada,

our government indicated in the speech from the throne, that parliament would be asked to authorize Canadian participation in the European integrated force.

In furtherance of this objective, I stated in the house on February 5 that it was proposed, if parliament approved, to place in the integrated force in Europe elements of the Canadian army. The statement went on as reported at page 95 of *Hansard:*

> The force we propose to send will initially be a brigade group or regimental combat team, and we hope that it may arrive at about the same time as the additional U.S. forces, but this may depend on events in Korea.

Since then developments in Korea resulted in the decision to send the 25th Canadian infantry brigade group to Korea. The situation in Korea does not warrant any assumption that that formation could be released to form part of the integrated force within a reasonable period.

Keeping our force in Korea up to strength will obviously continue to be the No. 1 army priority so long as any of our troops are engaged in actual combat.

We are further expanding the Canadian army to meet that priority and other army tasks, including, subject to the approval of parliament and the completion of firm arrangements in that regard with our north Atlantic associates, the provision of a force for western Europe.

This expansion will include the formation of an additional Canadian army brigade group with supporting units.

The new formation, to be known as 27th Canadian infantry brigade group, will be recruited around the framework of some of our famous reserve army units. It will be part of Canada's regular forces and its officers and men will serve under active force terms of service and conditions and thus will be eligible for service anywhere.

Fifteen reserve force infantry battalions have been selected on a broad geographical basis, each to sponsor the raising of one and later a second company for the new force. Five highland, five rifle and five line battalions will thus be represented in forming a Canadian highland battalion, a Canadian rifle battalion and a Canadian infantry battalion. Companies will be grouped to form battalions of the active force but will retain their own identity and officers and men will continue to wear the insignia of parent reserve force regiments.

The same principle will be applied to the Royal Canadian Artillery, reserve force regiments combining to raise the units forming the field artillery required in the force. Each

battery will represent one of the selected reserve force regiments. Other supporting arms and services for the force will be represented in a similar manner.

The armoured squadron with the new force will be equipped with the latest types of tanks and equipment. The Royal Canadian Dragoons will provide initial armoured support for the brigade. However, certain reserve force armoured corps regiments will participate by providing active force elements which will commence training immediately and can look forward to service abroad. In the meantime, they will retain their unit identity and be attached to the armoured corps regiments of the active force.

The reserve force units participating will be named later in a list which I hope I may have the permission of the house to table.

Every effort will continue to be made to ensure that men will serve in the units or corps of their choice. However, the demands of the service may not always make this possible.

The present plan is that the new brigade group would be available to become a Canadian army component of the European integrated force commanded by General Eisenhower. Since, as I have said, the top priority of the Canadian army overseas is the support of our brigade in Korea, no date can be fixed at present for the dispatch of a brigade group to Europe. That decision will depend on circumstances as they develop, including the course of events in the Korean campaign, the speed with which the required troops are raised and trained, as well as developments in North Atlantic treaty organization.

It is also planned that the force to be raised will, in due course, include units to provide for the periodic rotation of officers and men for duty overseas and in Canada. Our intention is that, as far as possible, individual service abroad will be on the basis of one year for married and two years for single personnel. Though the period of enlistment is for three years, if the military situation permits, officers and men who have completed their period of overseas service and who wish to return to civil life may claim their discharge.

These new regular units will be encouraged to maintain the closest association with the reserve force regiments from which they have been formed. The parent units in the reserve force will continue to form part of our defence organization.

In addition to the rotation of individuals, it is intended, as a long-term plan, that complete companies or other formations will be exchanged from time to time, not only from the units named but other units, thus giving every major reserve unit a considerable number of additional fully trained officers and men with the experience of service in the integrated forces of the North Atlantic treaty organization.

In appealing for the special force for Korea I said, "We must meet aggression with trained united strength." Expanding the Canadian army in this way is part of the effort of our country and of our allies to prevent war and preserve peace. Trained united strength is needed to prevent aggression.

The appeal for the special force last August and September received a very good response. Since then the rate of recruiting for all three services has met requirements. To meet our needs we now want additional men. Recruiting will begin Monday. Application should be made to any of the units named or to any of the regular recruiting depots.

Reserve force units participating by raising a company, battery, troop or other sub-unit entirely by voluntary means:

From British Columbia

The British Columbia Regiment (Duke of Connaught's Own), Royal Canadian Armoured Corps, Vancouver, B.C.

The British Columbia Dragoons, Royal Canadian Armoured Corps, Kelowna, B.C.

The Seaforth Highlanders of Canada, Vancouver, B.C.

The Canadian Scottish Regiment (Princess Mary's), Victoria, B.C.

From the Prairie Provinces

The King's Own Calgary Regiment, Royal Canadian Armoured Corps, Calgary, Alta.

The Fort Garry Horse, Royal Canadian Armoured Corps, Winnipeg, Man.

39th Field Regiment, Royal Canadian Artillery, Winnipeg, Man.

6th Field Engineer Regiment, Royal Canadian Engineers, Winnipeg, Man.

33rd Field Park Squadron, Royal Canadian Engineers, Lethbridge, Alta.

The Royal Winnipeg Rifles, Winnipeg, Man.

The Regina Rifle Regiment, Regina, Sask.

The Loyal Edmonton Regiment, Edmonton, Alta.

From Ontario

The Governor General's Horse Guards, Royal Canadian Armoured Corps, Toronto, Ont.

11th Field Regiment, Royal Canadian Artillery, Guelph, Ont.

29th Field Regiment, Royal Canadian Artillery, Toronto, Ont.

48th Highlanders of Canada, Toronto, Ont.

The Queen's Own Rifles of Canada, Toronto, Ont.

The Royal Hamilton Light Infantry (Wentworth Regiment), Hamilton, Ont.

The Hastings and Prince Edward Regiment, Belleville, Ont.

The Algonquin Regiment, Kirkland Lake, Ont.

7th Canadian Field Ambulance, Royal Canadian Army Medical Corps, Toronto, Ont.

1st Canadian Provost Company, Canadian Provost Corps, London, Ont.

From Quebec

Le Regiment de Trois-Rivieres, Royal Canadian Armoured Corps, Three Rivers, P.Q.

Le Regiment de Hull, Royal Canadian Armoured Corps, Hull, P.Q.

6th Field Regiment, Royal Canadian Artillery, Levis, P.Q.

34th Field Regiment, Royal Canadian Artillery, Montreal, P.Q.

The Black Watch (Royal Highland Regiment) of Canada, Montreal, P.Q.

Victoria Rifles of Canada, Montreal, P.Q.

Les Fusiliers Mont-Royal, Montreal, P.Q.

9th Canadian Field Ambulance, Royal Canadian Army Medical Corps, Montreal, P.Q.

1 Intelligence Training Company, Canadian Intelligence Corps, Montreal, P.Q.

From the Maritimes

The Halifax Rifles, Royal Canadian Armoured Corps, Halifax, N.S.

8th Princess Louise's (New Brunswick) Hussars, Royal Canadian Armoured Corps, Sussex, N.B.

The Prince Edward Island Regiment, Royal Canadian Armoured Corps, Charlottetown, P.E.I.

14th Field Regiment, Royal Canadian Artillery, Yarmouth, N.S.

The North Nova Scotia Highlanders, Amherst, N.S.

The Carleton and York Regiment, Fredericton, N.B.

7th Infantry Division Field Park, Royal Canadian Ordnance Corps, Halifax, N.S.

From Newfoundland

56th Independent Field Squadron, Royal Canadian Engineers, St. John's, Nfld.

In addition there will be:

Training regiments and squadrons of the Royal Canadian Corps of Signals from all military commands to be assembled for training at Barriefield, Ont.

Technical regiments and squadrons of the Royal Canadian Electrical and Mechanical Engineers from all military commands to be assembled for training at Barriefield, Ont.

Units of the Royal Canadian Army Service Corps from all military commands to be assembled for training at Camp Borden, Ont.

In this way the reserve army will again be taking a great part in strengthening the defence of Canada. They deserve every possible support from every Canadian.

Mr. G. R. Pearkes (Nanaimo): Mr. Speaker, I realize there should be no extended discussion at this stage, but so important has been the statement made by the minister that I would crave the privilege of the house to make a few remarks, and to ask a question. I feel quite certain that the servicemen in the army of Canada will feel relieved to know that this force will be centred around the old historic reserve army units, and that units from all parts of this country will be assigned the task of recruiting component parts of this 27th infantry brigade group.

There has been anxiety during the recent months as to how far the Americanization of the Canadian forces would go. I realize that certain equipment and arms must be based upon American standards. There has been a fear that that Americanization might be extended to the actual organizations; but the statement made by the minister this evening will go a long way to relieve that anxiety in the country.

The minister was not able to indicate the date target, shall we say, when this force would be ready, but I presume from what he has said that recruiting is to start immediately.

Mr. Claxton: Monday.

Mr. Pearkes: On Monday. I am not quite clear, when he said that recruiting would be through the various companies of the designated units, whether men would enlist for this force as a special force, although he did say that they would go into the active army. If a man enlisted into one of the units of the 27th brigade and the situation deteriorated in Korea and reinforcements were required for Korea, could a man be transferred from a unit of the 27th brigade to a unit of the 25th brigade as a reinforcement for Korea? I should like to have an indication as to the extent to which these transfers might be made.

I do not know whether the minister is in a position to say at this stage whether the 27th brigade would also form part of a commonwealth division in Europe, or whether it would be absorbed into the organization of some other formation. That would be a point which we would be interested to hear if the minister is in a position to give that information at the present time.

No doubt there will be opportunities for further discussion when the minister brings down his estimates, which I understand is to be in the very near future. Until that time comes I feel that it is unwise to make any further remarks.

Mr. Claxton: Mr. Speaker, I appreciate thoroughly the co-operative attitude of the hon. member for Nanaimo (Mr. Pearkes), who I must say is one of the most gallant soldiers Canada has ever seen. I am not going to say more than a word. In order to do this rather tremendous job of providing the forces required to meet our country's need at this time we are all going to have to get together, and the co-operative support of the members of the opposition will be needed. This is a Canadian job, not a government job.

With regard to the question of the position of the people joining this force, they are joining the Canadian army, just as the people who joined the special force joined the Canadian army. There is only one Canadian army today. Some of them joined for different periods, but they all joined the Canadian army and are available for service anywhere. Our hope is that they will be available to make the best possible defence not only of Canada's cause but of the cause of freedom wherever it may be served.

Mr. Harkness: The minister said this force would consist of a brigade group with supporting units. I wonder what he meant by "supporting units", because the general meaning of a brigade group includes artillery, engineers, army service corps, RCEME, and other personnel ordinarily associated with a brigade group. Would the minister elucidate that point?

Mr. Claxton: The list placed on *Hansard* makes it clear. It goes on to indicate intelligence, provost corps, RCEME, and so on.

Mr. Green: The minister did not mention the number of men who would be required for the new force, or for the Canadian army generally. Would he give us those figures and also tell us what form the approval of parliament for the dispatch of troops to Europe will take. Will there be a resolution, or in what form will it be?

Mr. Claxton: In answer to the first question, it is not usual to give the establishment or the strength of units overseas. I think everyone knows however that a brigade group of the kind described means from 5,500 to 6,500 men. It is a self-contained unit, about one-third of a division.

Mr. Green: Are there additional men to be raised for the army?

Mr. Claxton: Yes.

Mr. Green: How many?

Mr. Claxton: With regard to the way in which parliament would give its approval to the dedication of this force for overseas, I would say that is a matter for the government and the Prime Minister. It will require some subsequent action by parliament before it is done. Perhaps it will require the tabling of an order in council, as was done in the case of the Korean force, or something like that. But it will not be done before it comes before parliament again.

Mr. Green: I understood the minister to say additional troops would be raised over and above the men to go to Europe. What additional number will he require?

Mr. Claxton: We are going on recruiting steadily—and doing very well, too. We are building up forces, both for reinforcements in Korea, and for the building up of our armed forces in Canada, as well as for this force.

PRIVATE BILLS

PATENT APPLICATION OF GEORGE R. HANKS

The house in committee on Bill No. 131, respecting a certain patent application of George R. Hanks—Mr. Richard (Ottawa East)—Mr. Beaudoin in the chair.

On section 1—*Application deemed to have contained request for extension.*

Mr. Browne (St. John's West): Mr. Chairman, may we have a copy of the bill.

The Deputy Chairman: I should point out, for the benefit of the hon. member for St. John's West, that this bill was referred to the standing committee on miscellaneous private bills, received careful consideration there, and is now reported back to the house. Copies of the bill are available at the table. If the hon. member does not have a copy, someone will see that he is given one.

Mr. Fournier (Hull): Look in your file and you will get it.

Mr. Green: Would the sponsor explain why it was necessary to put the applicant for this private bill to all the expense and inconvenience of coming to parliament in a matter of this kind? Was it because of some error

made in the patent office, or why do we have this unusual situation of an individual having to come to parliament for a private bill in order to get for himself the full protection of the Patent Act. It does not seem reasonable that that should have been necessary.

Mr. Richard (Ottawa East): In 1947 parliament passed an amendment, section 28A of the Patent Act, to allow applicants, from foreign countries which afforded similar privileges, to file applications for patents, even though the normal time for filing had expired. The deadline set was November 15, 1947.

As the hon. member will see in the explanatory note to the bill, the section was drawn so that there were some prerequisites, among which was the one that the application should be filed before November 15, 1947, and should be accompanied by a request, in the form of an ordinary letter, saying, in effect, "I want to have the benefit of section 28A".

It is self-evident that the applicant wanted to have the benefit of section 28A, because he knew he was delinquent. He was taking advantage of the new section passed by parliament. But in his letter to the Commissioner of Patents he stated merely that he was filing an application for a patent and did not add the paragraph, "I want to take advantage of section 28A of the Patent Act".

That is the only point in the bill. The Commissioner of Patents held that since that was one of the conditions set out in the section, he had to refuse the application. It seems unfortunate, and certainly it has involved heavy expense to the applicant. However, the commissioner having held that that condition was essential, there was nothing left to do but to come to parliament and ask for a bill to overcome this difficulty.

Mr. Green: The Secretary of State is here this evening. Surely there should be some provisions in the Patent Act giving the Commissioner of Patents, the Secretary of State, or perhaps the governor in council power to deal with a situation of this kind. Here we have an individual who should have had to pay only $25 to have the registration put through; but because he left out a formal statement to the effect that he wanted to have the extension of time, he is put to all this expense of coming to parliament.

I do suggest there is something very wrong either in the act, the regulations under the act, or in the administration, when an individual is put to that expense. I should like to know whether other people have been turned down for similar reasons. There may be others who have been unable to get this protection because their applications have been refused, and who are not in a position financially to incur the great expense of getting a private bill put through parliament. I think this is a case of driving a tack with a pile-driver. I wonder if the Secretary of State could explain why it has been necessary to take this step?

Mr. Bradley: Parliament in its wisdom did not succeed in covering every possible eventuality. This is the first occasion on which this has been brought to my attention and I shall be glad to look into it to see if there have been any who have been prejudiced in any way, and consider the question as to whether we should not look into the matter further.

Mr. Green: If that is the situation some arrangement should be made so that this applicant will not be compelled to pay the fee for getting through a private bill. It does seem to me most unfair that he has been put to all this trouble and expense.

Section agreed to.

Section 2 agreed to.

Bill reported, read the third time and passed.

UKRAINIAN CATHOLIC EPISCOPAL CORPORATION OF WESTERN CANADA

Mr. A. F. Macdonald (Edmonton East) moved that the house go into committee to consider Bill No. 175, to incorporate the Ukrainian Catholic Episcopal Corporation of Western Canada.

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

On section 1—*Incorporation.*

The Deputy Chairman: I would point out that this bill has been carefully considered in the standing committee on miscellaneous private bills.

Section agreed to.

Sections 2 to 10 inclusive agreed to.

On section 11—*Investment of funds.*

Mr. Browne (St. John's West): There would seem to be something wrong with this section, which reads:

> The corporation may invest its funds, or any portion thereof, either directly in the name of the corporation or indirectly in the name of trustees, in the purchase of such securities as it may deem advisable, and also may lend its funds or any portion thereof on any such securities.

I was appointed a member of the committee on miscellaneous private bills, but after attending the first session I did not attend later sessions of the committee. While I

was present in the committee a bill of this kind was being considered and the point was raised that frequently corporations of this kind are given money in trust and that they should not have the right to invest such money in any securities that they wish to. It seems to me that they should be bound by the trust and be permitted to invest only in trustees' securities. I do not know if this matter has since been considered by the committee, but it seems to me that this committee should not overlook the obligation which would be on any corporation given money in trust to invest only in trustees' securities. Could the sponsor explain this?

Mr. Macdonald (Edmonton East): The terms of this section are the same as the terms in sections in bills with reference to the incorporation of other religious groups. Being a moral body I feel quite sure that the adherents to this church will give the same consideration to the investment of their funds as do the adherents of any other religious denomination.

Mr. Browne (St. John's West): That does not answer the point. If the sponsor of this bill should leave $1 million in trust to this corporation to be invested for certain purposes, would the corporation have the right to invest those funds in any securities? They might buy the wildest kind of stock. It seems to me that some explanation should be given by those who are bringing forward this bill as to why they wish such wide powers which would deviate so seriously from the provisions of a trust under which they might receive money.

The Deputy Chairman: Shall the section carry?

Mr. Browne (St. John's West): Do you not think that the point is worthy of consideration and that we should have a better explanation than we have had from the sponsor of this bill?

Some hon. Members: Carried.

Mr. Browne (St. John's West): I am not satisfied.

An hon. Member: We are.

Mr. Browne (St. John's West): If this and similar organizations are likely to receive large sums of money in trust for certain purposes they should not have the power to invest in any securities they feel like investing in. Surely there must be a reasonable explanation that can be given.

Section agreed to.

Sections 12, 13 and 14 agreed to.

Bill reported, read the third time and passed.

[Mr. Browne (St. John's West).]

UKRAINIAN CATHOLIC EPISCOPAL CORPORATION OF EASTERN CANADA

Mr. H. P. Cavers (for Mr. Ross, Hamilton East) moved that the house go into committee to consider Bill No. 176, to incorporate the Ukrainian Catholic Episcopal Corporation of Eastern Canada.

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

On section 1—*Incorporation.*

The Deputy Chairman: This bill has been considered carefully by the standing committee on miscellaneous private bills.

Mr. MacInnis: I do not see the sponsor of the bill in the chamber. Last Tuesday evening we had quite a discussion on this point. I was in favour of going on with the bill, but Mr. Speaker ruled that a private bill could not proceed unless the sponsor was present. At that time we were considering one of the pipe line bills and it had to stand. I think we shall have to do the same thing with this bill.

Mr. Cavers: I am substituting as sponsor for the hon. member for Hamilton East.

Mr. Green: The other night the hon. member for Kenora-Rainy River was substituting for the sponsor of that bill, yet a ruling was made that the debate could not go on because the sponsor was not here. Now we have got exactly the same position tonight.

Mr. Robinson: On the point of order, as I understood the ruling of last Tuesday evening it was that if the sponsor was not in the house the bill could not be proceeded with without his consent. As I understand, the hon. member has indicated that he has the sponsor's consent this evening.

Mr. Cruickshank: Mr. Chairman, I should also like to speak to this point. If you will check you will see that the ruling was most definite. The Speaker made the definite statement this procedure would not be allowed in the future. If you will check you will see that is absolutely correct. The Speaker himself said that.

The Deputy Chairman: I have not before me yet the ruling made by Mr. Speaker. I understand it was made on the motion for second reading of this bill. If my memory serves me right, perhaps not on the occasion referred to by the hon. member for Vancouver East and the hon. member for Vancouver-Quadra but on some other occasion, I think the Speaker indicated that a bill could not be proceeded with if the sponsor was not here. But it would seem to me that as long as a representative of the sponsor is here,

we may proceed. The point of order should have been raised when the motion was made for the Speaker to leave the chair on this bill. I now have before me the ruling which was made by Mr. Speaker the other day, and which was referred to by the hon. member for Vancouver East and the hon. member for Vancouver-Quadra. It is to be found at page 2579 of *Hansard*. At that time he said:

. . . I will say that I have always considered that a private member who is sponsoring a bill stands in the same position as a member of the government who introduces a bill in the house. As hon. members know, when a government bill is introduced, it is introduced by a minister. There may be an amendment to that bill introduced by a private member. The discussion either on the bill or on the amendment does not proceed without the consent of the minister who introduced the bill. Why should a private member not stand in the same position? That has been the attitude that I have taken, and although I realize that it might appear that an injustice is being done, nevertheless I feel that I should not change the ruling which I made on Friday, June 23. It has been said that the bill is now in the possession of the house, and that the amendment is in the possession of the house. That is so, and neither the amendment nor the bill can be withdrawn without the consent of the house. That also would be true of a bill introduced by a member of the government. A member of the government could not without consent withdraw his bill once it is in the possession of the house. As I say, I have given considerable thought to this. I think the rules of procedure might be amended. Until they are amended I feel I must abide by my ruling which I made on June 23, and allow the bill to stand.

Mr. Green: May I refer Your Honour to *Votes and Proceedings* for Tuesday the first of May, page 323. There we find the following:

The order being read for resuming the adjourned debate on the proposed motion of Mr. Robinson for the second reading of Bill No. 118 (Letter N-1 of the Senate), intituled: "An act to incorporate Border Pipeline Corporation," and on the proposed amendment thereto of Mr. Herridge;

A point of order having been raised by Mr. Benidickson to the effect that in the absence of the sponsor of the bill, the order should not be proceeded with.

Mr. Speaker ruled the point of order well taken.

In that case there was actually an amendment and the mover of the amendment was in the house. Nevertheless Mr. Speaker still ruled, as set out in *Votes and Proceedings*—

The Deputy Chairman: Would the hon. member repeat the page number?

Mr. Green: Page 323. The Speaker's ruling was:

A point of order having been raised by Mr. Benidickson to the effect—

These are the key words:

—that in the absence of the sponsor of the bill, the order should not be proceeded with.

Mr. Speaker ruled the point of order well taken.

That is clearly the case here.

The Deputy Chairman: There is no doubt that in the instance referred to by the hon. member it is a clear case where the ruling of Mr. Speaker applies in the manner which I quoted a moment ago. However, if I remember correctly, in the debate on the second reading of the bill the hon. member was already the representative of the member whose name appears on the bill as the sponsor. He gave replies to hon. members who participated in the debate. Therefore the house has already accepted the hon. member for Lincoln as the acting sponsor of the bill. He was acting in that capacity when second reading of the bill was proposed. If my memory is not correct on that point perhaps the hon. member for Lincoln and others might correct me. If my memory serves me right, however, it was the hon. member for Lincoln who acted on behalf of the hon. member for Hamilton East when the bill was piloted through second reading. Therefore he was accepted by the house at that time. No point of order was raised, and he is here tonight to reply to questions which may be asked in committee. Therefore I would say that this instance is not exactly similar to the one that Mr. Speaker had to deal with the other day.

Mr. Green: Before you make your ruling, may I submit further on the point of order that the hon. member for Kenora-Rainy River was just as much acting for the sponsor of the Border Pipeline Corporation bill as the hon. member is doing tonight on this measure now under consideration. Where one member happens to speak for another member on one day and no objection is raised on that particular day, surely the house is not going to be put in the position that it must, while the bill continues before it, accept the sponsorship of that acting sponsor. There is a very good reason why the sponsor should be here. He is the one man who should be able to explain the terms of the bill.

When this particular bill was before the house the other night it was with the Speaker in the chair, and we could not ask questions. Now we are at the committee stage when questions can be asked, and I suggest that if any member raises a point of order that the sponsor should be present that point of order cannot be simply brushed aside with the statement that a week ago, or two or three weeks ago, there was an acting sponsor, and because the point of order was not raised then it cannot be effectively raised tonight. I submit that Your Honour is bound by the very definite ruling made by the Speaker this week after quite an argument on the point of order, and after the Speaker had taken some time to consider the matter. He made the very definite ruling that unless the

sponsor is here a private bill cannot be proceeded with. I suggest if Your Honour makes a contrary ruling tonight it is going directly against the ruling the Speaker made on Tuesday evening.

The Deputy Chairman: Perhaps at this point I should refer hon. members to the first ruling to which Mr. Speaker alluded in making his ruling the other night. It appears at page 570 of *Journals* of the house.

Mr. Green: What year?

The Deputy Chairman: June 23, 1950. In the third paragraph hon. members will notice this:

> Presumably, at times bills have been proceeded with when the honourable members who introduced them were not in the chamber, but in such instances some member has stated that he has the approval of the member who introduced the bill to proceed.

If the hon. member for Lincoln states he has the approval of the hon. member for Hamilton East to proceed, I would be within the ruling of Mr. Speaker on that occasion. Furthermore, in my humble view, I would say that the point of order should have been raised on the motion for Mr. Speaker to leave the chair, and not at this stage. I believe hon. members should have brought to the attention of the house then that the sponsor of the bill was not present, and reminded Mr. Speaker of the ruling which was referred to a moment ago by the member for Vancouver East and the member for Vancouver-Quadra. If reliance is to be placed on the sentence which I quoted in the ruling of Mr. Speaker of June 23, 1950, it is clearly in order for the member for Lincoln, provided he assures the house again that he has the authorization of the sponsor to represent him on this bill, to proceed.

Mr. Cavers: When this bill was given first reading I was asked by the member for Hamilton East to appear for him when the matter came before the house. On second reading, I again appeared as acting representative for the member for Hamilton East. At that time I was asked by members of the house to explain the bill, and I endeavoured to do so. It was accepted at that time. Now the matter is in committee stage, and I still appear representing the member for Hamilton East, with his permission and consent.

The Deputy Chairman: Having heard the hon. member for Lincoln state he has the consent and authorization of the sponsor at this time to represent him, I would say that it is in order to proceed with the bill. In order to make sure that there is no difference in the view I express now and the one expressed by Mr. Speaker, I shall quote again his ruling of June 23, 1950, starting with the paragraph I just quoted and then giving his conclusions.

In the third paragraph he says:

> Presumably, at times bills have been proceeded with when the honourable members who introduced them were not in the chamber, but in such instances some member has stated that he has the approval of the member who introduced the bill to proceed. The honourable member for Winnipeg North Centre (Mr. Knowles) has referred to the Speech from the Throne, but it is assumed in that debate that the mover and the seconder approve of the debate continuing. If for any reason that debate were not to be continued I would think that arrangements would be made and that the house would be informed accordingly.
>
> I do not think I should depart at this time from practice and allow the debate on this bill to continue in the absence of the honourable member who introduced it and of the minister who moved the amendment. I therefore rule that under our practice an order for resuming the adjourned debate on the second reading of a private member's bill is proceeded with only at the instance of the sponsor of the bill or of a member authorized to act on the sponsor's behalf.

I believe that clearly sets out that we are in order, now that the statement has been made by the hon. member for Lincoln that he is authorized to act on the sponsor's behalf.

Mr. Green: That is on an entirely different point, and I see that on that occasion I was the one who raised the point of order. No one was objecting to the acting sponsor. The whole point of order tonight has been an objection to the acting sponsor, and the ruling of the Speaker on Tuesday last was to the effect that a sponsor must be present. Why should a member be allowed to sponsor a bill, and then stay out of the house while it is being considered, and have some other member act on his behalf? If a member of this house sponsors a private bill he should be here to answer questions about it, and not allow some other member to try to answer the questions for him. I submit that His Honour's ruling on Tuesday was on that particular point, and it is that particular point which is being raised tonight.

Mr. Robinson: I am afraid that the member for Vancouver-Quadra is under a misapprehension as to the ruling the Speaker made on Tuesday evening. I believe that tonight we are faced with an entirely different situation. As I understand, on Tuesday night the member for Kenora-Rainy River, in my absence and on my authorization, asked that the bill which I was sponsoring be allowed to stand. In other words, I had not given my consent to the bill being proceeded with at that time. The Speaker ruled that the bill could not be proceeded with without the consent of the sponsoring member, not because the sponsoring member was absent from the house.

in support of that contention I would direct your attention to a paragraph from the Speaker's ruling of June 23, 1950, in which the Speaker said:

> I have never known of a private bill or of a public bill which has been introduced by a private member being proceeded with in his absence and without his consent.

I think the important words there are "without his consent", and as I understand the ruling of the Speaker on Tuesday evening it was that since I had not given my consent the bill must stand. This evening, therefore, we are faced with a different situation because apparently the sponsoring member does consent to the bill being proceeded with.

Mr. Browne (St. John's West): May I ask whether the house is bound by the minutes as recorded in *Votes and Proceedings* or by the statement in *Hansard,* because they seem to be contradictory.

The Deputy Chairman: The *Journals* of the house constitute the authority so far as the rulings are concerned. It is getting close to nine o'clock, but my view at the moment certainly leads me to declare that it is in order to proceed with this bill.

Mr. Green: In view of the definite statement in the finding contained in *Votes and Proceedings* to the effect that in the absence of the sponsor of a bill the order should not be proceeded with, may I ask, Mr. Chairman, that you consult with the Speaker on the point before proceeding.

The Deputy Chairman: By referring to the ruling of Mr. Speaker of June 23, 1950, from which I have quoted the pertinent extracts, it is clear that if an hon. member is authorized by the sponsor of the bill to represent him at any stage of the discussion of the bill, it is in order to proceed.

Mr. Cruickshank: It is nine o'clock, and I move the adjournment of the debate.

The Deputy Chairman: Shall I report progress?

Some hon. Members: Agreed.

Section stands.

Progress reported.

SUPPLY

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

DEPARTMENT OF LABOUR

185. Departmental administration, $558,397.

Mr. MacInnis: Mr. Chairman, I should like to continue the remarks I was making when the committee adjourned for the dinner recess at six o'clock. I had made some reference to compulsory conciliation and compulsory arbitration. I pointed out that compulsory conciliation is a fundamental part of Canada's labour legislation. There is, I think, a feeling in some quarters that the purpose of the provisions of our compulsory conciliation legislation is to allow what is called a cooling-off period so that "rash" trade unionists or perhaps "irresponsible" trade unionists will not do something irresponsible or something rash.

Personally, I prefer to think that there is a better principle than that behind the legislation. I believe that the legislation rests on the principle that industrial disputes are not merely matters that concern labour and employers. I am convinced that industrial disputes concern more than labour and employers and that contention is well demonstrated in the industrial dispute that brought us here last fall.

Industrial disputes today concern the community; and I believe that the compulsory conciliation legislation rests on the principle that the community is involved in any strike or lock-out because such actions affect the community. The government, as spokesman for the people of Canada, says that employers and organized labour cannot be allowed to deal with matters of this kind as if they were the only people concerned; it says that there is a community interest and that it is going to see to it that, as far as possible, the community interest is protected. There are, therefore, various stages which a dispute must go through before a strike or lock-out takes place. When these are finally complied with, and if a settlement has not been arrived at, a strike may take place. These procedures perhaps serve the purpose of providing a cooling-off period; but they also serve the purpose of getting employers and employees together, in a good atmosphere, to talk over their differences. That is a good thing. Not many disputes end in strike action after they have gone through our procedure of conciliation.

There is something else I should like to say. It will be forty-one years this summer —within a month or so—since I first became connected with the trade union movement; and I have been fairly closely associated with it ever since, even although for the last twenty years I have not been engaged in an occupation in which I had to carry a union card. People whose experience with labour matters dates back to, say 1929 or a little earlier—and I imagine there are quite a number of them in this committee—have no realization of the improvements that have taken place in the status of trade

unions in Canada during the last forty years, and more particularly during the last ten years. As I mentioned before, the reason that the progress was made during the last ten years is that organized labour was in a position in which it seldom finds itself except in wartime, namely, that of full employment. Consequently, when its services are urgently required by the country, it can improve its position by withholding its labour, which up until now at least, had been its ultimate weapon of defence and offence.

I have seen an employer refusing to deal with a trade union because the trade union had international connections; that is, it was connected with a trade union in the United States. And I have seen the same employer refusing to deal with the trade union because it did not have international connections. Any pretext at all was used to avoid recognizing the trade union movement and entering into collective agreements. When I first became connected with the trade union movement employers, by and large, took the position that they were going to run their businesses in their own way and that they were not going to be interfered with by a bunch of irresponsible trade unionists.

As far as I know, there is only one way of developing responsibility and that is by giving responsibility. If a person has nothing to be responsible about, he can be irresponsible. But the moment that he is put in the position in which certain events hang on his actions, he will be much more careful how he acts. Over the last fifty years we have built up in Canada a trade union movement which is today a great asset to the country. In it are men of experience, understanding and responsibility. I should like to see this government take more advantage of their experience than it has taken heretofore. Every year the organized labour movement through its various sections, makes submissions to the government as to the legislation that it would like to see enacted. It should be noted that nearly all of this legislation refers not to the trade union movement itself but to the community at large. That is, of course, all to the good because it means that the organized labour movement is extending its horizons from its own immediate affairs and is realizing that it cannot prosper unless the whole community prospers.

I mentioned the fact that the national bodies of organized labour each year make submissions to the government. I should like to look forward to the day when the government would not only receive organized labour when it comes to make its submission, but would send for organized labour and ask it to give its views on the important questions of the day. When that day comes, I believe that our democracy will have advanced far beyond what it is today. However, under the conditions that we have today where labour is considered a commodity—if it is not considered that in theory; it is considered so in fact—and where a person has access to the means of life only so long as he can sell his labour, a position in which most of us find ourselves, when he is unemployed, even with unemployment insurance, for any lengthy period of time, his position and the position of his family are difficult indeed.

I think we have come to the time—perhaps we have not heard much about it yet, but there has been some talk about it—when instead of the daily wage, the hourly wage, the weekly wage or the monthly wage, workers will have an annual wage, so that they will know from one year to the next where they stand. Why should a railroad man, a street railway employee or a longshoreman or a lumber worker not have an annual wage as well as a bank manager, a railroad executive, a bank employee, a school teacher, a university professor or any of the numerous people who have annual wages or an annual salary. I think that we have to prepare ourselves for greater advances in that regard than we have seen heretofore.

The matter of unemployment insurance was raised today, and I want to say just a few words about it. One of the things that the government should do in regard to unemployment insurance is to tell the people more about it. They should do a better job of public relations in the matter of unemployment insurance than they are doing. As a matter of fact, in this house where one would expect a higher level of intelligence or understanding on questions of this kind than you may find generally among the community, since it is one of our jobs to deal with the matter, not enough is known about our unemployment insurance. It was mentioned that a person pays into the unemployment insurance fund and never takes anything out of it. Well, if everyone who paid into the unemployment insurance fund took something out, or took out what he paid in, the unemployment insurance contributions would have to be very much larger than they are today.

The principle of insurance is that you take something out provided that what you are insured against happens; and if that does not happen you consider yourself lucky. The hon. member for Winnipeg North Centre says if you take out fire insurance on your

house, generally you consider yourself fortunate if you never draw any insurance—that is never have a fire. The same thing is true of automobile accident insurance. You consider yourself fortunate if you never have to call on the insurance company for payments in connection with an accident. Unemployment insurance is insurance for involuntary unemployment. In that regard I believe that the procedure could be considerably improved. May I point out something that may not be known by hon. members, and perhaps some will not believe it, particularly on the government side of the house. Like almost everything else that we get from this government, we got unemployment insurance not because they believed in it as a good thing socially; we got it in 1940 because prices were going up. It was instituted more to stem inflation than as a piece of desirable social legislation. The reason I say that is this. The trade union movement had been advocating unemployment insurance for thirty years before it was put on the statute books. Mind you, there were many, many occasions when unemployment insurance could have been very useful. In the 1930's governments said they could not bring unemployment insurance in because they did not have the money. That applied to the Conservatives as well as to the Liberals. They were like the man who when he was asked why he did not shingle his house said that he did not shingle it because it rained. He was then asked why he did not shingle it when it was not raining, and he said when it did not rain it did not leak. That was the attitude and I am very much afraid it is still the attitude.

I believe that unemployment insurance should be extended to every worker, at least to every worker who is working for an employer. It was said today, and it was said in the house the other evening in another debate, that the labour force in Canada is 5,200,000. May I say that 5,200,000 includes not only what we refer to generally as workers, but it includes employers as well. I hold in my hand the unemployment insurance report for the year ended March 31, 1950. I believe it is the last one that has been distributed, and it gives the labour force as 5,200,000. But, as I said, that includes employers to the number of 226,000; unpaid family workers to the number of 306,000. Also included in that figure are own-account workers to the number of 941,000. That makes a total of 1,473,000. It would be rather difficult to include that million and a half approximately in an unemployment insurance scheme such as ours. But there are wage earners to the number of 1,097,000 who are not insured. I believe that those wage earners should be insured, and that insurance should be paid to everyone who is out of work for reasons beyond his own control and who has fulfilled certain conditions.

I am not going to express an opinion as to whether present conditions are satisfactory or not, but as long as our unemployment insurance is on an actuarial basis we shall have to give consideration to the number of contributions and so on. I do not know that there is anything further I have to say. There are a dozen questions that could be discussed and that, perhaps, if they are raised, I shall have something to say about. But I shall conclude at this time by impressing upon the minister that his department or the unemployment insurance commission should make a better job of public relations with the unemployment insurers, so that those who are insured may know exactly what they are entitled to, and what they are not entitled to. I find there is a great deal of misunderstanding on that point.

It would be well to visit trade union meetings, or to have representatives of the commission go to those meetings, and to have posters in trade union halls and in the offices of trade union organizations; because the more people understand about their affairs—and unemployment insurance is their affair—the better for all, and the more easily those affairs can be administered.

Mr. Higgins: Mr. Chairman, I do not intend to debate this matter generally, but rather to draw the minister's attention to a few specific items. First and foremost I would speak about unemployment insurance for fishermen. Various classes and categories of workers have been discussed this afternoon and this evening, and I would now direct the minister's attention to the case for the fishermen.

The matter has already been discussed briefly this session by the hon. member for Iles-de-la-Madeleine, and I should like to read what he said on that occasion, as it appears in the last page of the translation appended to *Hansard* for April 24:

> Thirdly, fishermen request unemployment insurance benefits. As early as last spring, one year ago, I made representations to the unemployment insurance commission and the Department of Labour in order to bring fishermen under the act. The unemployment insurance commission began a nation-wide survey to secure the necessary information and data before reporting on this request. I understand that the report is in preparation and hope that the government will be able to include fishermen in the benefits of this legislation which has already been extended to lumberjacks.

I wonder if the minister, when he gets around to it—perhaps not right away—would tell us what has happened to what the hon.

member said on that occasion. He will appreciate the difficulty when he understands that while workers in filleting plants come under the provisions of the Unemployment Insurance Act, the actual producers, the fishermen who bring in the fish so that these people can work, do not. I feel that it is a great injustice. I realize there are difficulties in the way, but I urge a real effort should be made whereby fishermen may be brought within the purview of the act. The minister will, I trust, make some comments in this connection.

I asked the minister a question yesterday to which he was good enough to give an answer. However, so that he will have the background of the difficulty at Seven Islands, I would point out that the original agreement with these companies was passed in 1938 by the then government of Newfoundland, and is set out at page 305 of the Newfoundland Statutes of 1938, No. 41. This was an act taking the place of an agreement between Weaver Minerals Limited and the government of Newfoundland, and substituting the Labrador Mining and Exploration Company Limited for the Weaver Company. Section 45 of the act says:

> Except where it is necessary for the company to employ technical experts the company shall at all times employ Newfoundland workmen provided same shall be available.

I believe the minister saw the news item in the *Daily News* of Newfoundland of April 27, to which I referred yesterday, and which stated:

> The majority of the Newfoundlanders who went to Seven Islands several weeks ago to work on the construction of the railway line from Seven Islands to the iron ore deposits have since returned home.
>
> Their story is one of poor living and working conditions. The company, they state, failed to live up to its agreement. There was also friction between the Newfoundlanders and French Canadian workers. The latter outnumbered the Newfoundland workers many times over.
>
> Mr. Harold Horwood, member of the house of assembly for Labrador who until recently was hiring agent for the syndicate engaged in the construction work, stated yesterday that the companies had "failed entirely to live up to their agreement with Newfoundland."
>
> Under the agreement it was agreed by both parties that 1,000 men would be hired from Quebec and an equal number from Newfoundland. These men would work side by side in Quebec territory and in Labrador. This it was hoped would speed the project and eliminate the hiring of Quebec men to work only in Quebec and Newfoundlanders to work only in Labrador.
>
> Many of the men who went to Seven Islands as machine operators were requested to take over other work at a lower rate of pay. They had been promised, at hiring, a specific wage rate. "It seemed," said one of the men, "that the French-Canadian foreman wanted to get rid of the Newfoundlanders and made conditions as tough as possible for us."
>
> Another told of being billeted in a camp where living conditions were anything but the best, with all French Canadians. The language and customs barrier made it impossible for him to become acquainted with his fellow workers.
>
> Mr. Horwood feels that such conditions will continue to exist until some arrangements can be made between the Newfoundland government and the operating companies whereby a representative for the Newfoundland workers will be on the spot to look after their interest.
>
> The syndicate is comprised of four companies, Cartier, McNamara, Mannix and Morrison-Knudsen.

In his reply yesterday the minister said there is no branch of the national employment service set up there yet, and no accommodation whereby it can be set up. I do not expect the minister to name any date, but I urge upon him that something be done at the earliest possible moment, because the iron ore deposit is one of the great things Newfoundland is counting upon to provide work. It is true that only the skimmed milk will be left for the province; in other words it will benefit materially only from the ordinary work given to the workers. The amounts from royalties are small, and it seems that processing is to be done outside the province.

In view of the fact that we do not worry him very often about these matters I would ask that he endeavour at the earliest possible moment to see that at least our skimmed milk is made available to us as quickly as possible.

The other matter to which I should like to refer has already been mentioned this afternoon. I have in mind the question of the national advisory council on manpower. Let me say at once how pleased we are that the minister saw fit to have a Newfoundlander appointed to that council. We consider it a great compliment, and are satisfied that he will do honour to the council as well. I must confess however that I wish to join with the hon. member for Nanaimo in saying that we are all somewhat worried because they have not got down to work more quickly. I have no doubt the minister is also worried.

Only today I noticed an article in the Montreal *Gazette*, headed "Labour Pinch Seen in Machine Tools". This is a Canadian Press dispatch dated at Toronto May 3, and stating that Walter G. Hubbard, vice president of a machine tool manufacturing firm, said that he is extremely worried about the situation with respect to machine tool manufacturers. The article goes on to say:

> As rearmament accelerated, more and more lathes and precision planes, grinders and drills would be needed. But there were not more and more trained men to make them.
>
> Thus we will be obliged to cut off deliveries to our normal customers (the manufacturers of non-essential goods) and devote all our time to defence.

As the minister well realizes, that is a serious matter. I presume he will get this committee together as quickly as possible. A

rumour seems to be fairly prevalent around this city in the past few days that this committee is to get its information from the census returns. I hope that that is not so. If the people of Canada believe that the information they give in the census is going to be used in that way they may not give the census takers the information they want.

Mr. Gregg: May I say to the hon. member for St. John's East that there is no relation between the advisory committee on manpower and the organization set up to take the census. I make that categorical statement. As I stated on the day I announced the setting up of this advisory committee, we already have throughout the country local advisory committees from which the national body in between its sittings can always get information and pass it on to us.

This recalls something the hon. member for Vancouver East said. First of all I want to express my pleasure at having him give us his philosophy on labour relations as I think that is a most valuable thing to have on the record. The hon. member said that he would like to live to see the day when either the department or the government—I have forgotten which but it does not matter—would consult with leaders of labour as they do with other leaders in connection with matters affecting the welfare of the country. That recalls what the hon. member for Nanaimo and the hon. member for Cape Breton South said this afternoon, that this manpower committee was not meeting often enough. I agree that it may want to meet and may need to meet more often in the future than it has in the past.

However, I would point out that the most effective work is not always done when the members of a committee are sitting around a table. The hon. member for Bow River and the hon. member for Cape Breton South pointed out just what is happening in Windsor, particularly in the automobile industry. The representative of the parent organization of the automobile workers on the national committee is Mr. Pat Conroy. That situation in Windsor had been brought to our attention and as a result some three weeks ago the Minister of National Health and Welfare, who represents that area, and I invited Mr. Burt and some eleven of his chief lieutenants to meet with the Minister of Defence Production, the Minister of Resources and Development, the Minister of National Health and Welfare, the hon. member for Essex West, myself and a number of officials to discuss this very question.

I admit that no suggestion was made at that meeting that the government would lift the employees who were presently out of work to some other place, but the Minister of Defence Production outlined at great length and with great care what the plans were to see that the time lost in changing over from cars, say to aeroplane parts, would be no more serious in the way of lost time than the change-over from one model of car to another. As hon. members know, in their wage negotiations the automobile industry take into consideration the fact that there is often a period when groups of men are out of work because of change-overs.

I think I can report with some confidence that the situation is improving, but I did want to make the point that it was not just in the conference room that the advice of the national advisory council on manpower was received.

While the hon. member for St. John's East was speaking a moment ago I consulted with the Minister of Public Works and he has agreed with me to leave nothing undone to have an office of the national employment service established on the island as early as possible.

Mr. Noseworthy: Mr. Chairman, the number of hon. members who have already referred to the national advisory council on manpower indicates the interest there is at the present time in that body. A year ago, and two years ago, when the minister's estimates were before us we were concerned with the question of unemployment. As has been indicated already, Korea has changed all that and today the country is more concerned with the question of the availability and allocation of manpower that it is with unemployment.

I want to compliment the information branch of the minister's department upon the excellent report they issued on the first meeting of the national advisory council back in February. According to that report the council made excellent progress, on paper at least. I should like to suggest to the minister that he bring us up to date on the work of the council, either tonight or when he has the information available.

According to the report there were six recommendations adopted at the meeting of the council, but the implementation of those recommendations was left on the doorstep of the Department of Labour. Therefore, I presume it will not be difficult for the minister to bring us up to date regarding these recommendations. I am going to enumerate them, not for the minister's benefit but because I think they are excellent recommendations and I am sure the committee will be interested in knowing what has happened in the two and a half months since the council met.

The first recommendation was that the records of technical and scientific personnel, which were first assembled in world war II, should be brought up to date, and added to those records there should be a record of all apprentices in Canada, this information to be brought together and studied for the purpose of increasing apprenticeship enrolment. I wonder if the minister can tell us what progress has been made in gathering that record, and what increase or improvement, if any, has taken place in the matter of apprenticeship enrolment.

The next important resolution was that the Department of Labour, in conjunction with other departments, should provide for priority in the placement of persons who apply for employment at the national employment offices. A priority rating was to be prepared, and those applying at the national employment offices were to be directed to the industries standing highest in that priority. I have not heard anything since with respect to what progress has been made in assembling that priority rating. Possibly the minister can tell us what particular industries now have received or are about to receive a high rating in this respect.

A third recommendation which is a matter of great concern to the people of Canada at the present time pertains to the question of national registration. It was agreed that a comprehensive study should be made of all aspects of this question. I think we are very much concerned with this matter, and possibly the minister will inform us whether sufficient information has been secured to enable the government to decide whether or not we are to have a national registration.

One of the recommendations in which I was particularly interested was that some study should be made of the possibility of training the physically handicapped of Canada and thereby enabling them to undertake work of a self-supporting nature. This was to be undertaken as a result of the very excellent conference that was held a few weeks prior to that in Toronto between the federal and provincial authorities where the question of training physically handicapped people was discussed. I think we should know whether there has been any real progress in that respect in the last two and a half months, or whether we are still at the recommendation stage.

The last of the recommendations that I am going to call to the minister's attention was that some study should be given to the possibility first of moving workers from places where they were out of employment to places where there was employment. It was suggested that something by way of financial assistance would be given, possibly transportation expenses or something of that kind, to enable workers to move to places where jobs were available. There was also the suggestion that there was to be an examination of the possibility of placing industry near sources of available labour. That is rather a new departure. I think it is the first time that we have heard of consideration being given to moving industry to places where labour is available instead of moving labour to places where work is available. Possibly the minister can tell us what study has been made of the subject and whether anything concrete has yet been achieved in that respect.

There is one other matter on which I would ask the minister to give us a statement if he can. It is a question that is a source of worry to some of the trade unions at the present time. I wrote to the minister about it a few days ago, and I am sure he has not had time yet to reply. I refer to the status of the unions in plants which are working on contracts for defence production and where it becomes necessary to introduce certain security measures, where a security officer is appointed. Sometimes men have to be moved from certain secret types of work because of suspicion and so forth. The questions that the trade unions in my riding have asked me are these: First of all is the security officer in such plants appointed by and responsible to any department of the government, or is he appointed by the management of the plant and responsible to them? Do his instructions regarding security measures that are to be taken come from some government department, or do they come from the management of the plant concerned? Out of that arises the status of some groups that are now members of the union, the bargaining party, and in particular the fire protection staffs in these plants. The information which has been given to some of these unions is that fire protection staffs must withdraw from the union. In some of these plants the members of these staffs are members of the union. The understanding has been given to them that they will be required to withdraw from the union because of the nature of the work being done in the plant. Whether these instructions are coming from the government or whether they are devised by some local security officer on his own responsibility, or on the management's responsibility, seems to be uncertain. I would be very pleased if some time during

his estimates the minister would give consideration to these points and pass on that information.

Mr. Gregg: In reply to my hon. friend, under terminable services on page 29 I shall be very glad to give a report on the matter affecting the first report of the national advisory council on manpower.

Mr. Noseworthy: There is no information available since the report of their first meeting?

Mr. Gregg: My hon. friend asked for a report on the six items which he mentioned tonight. I shall be glad to give that under "terminable services" because it is under that heading that an amount covering their travelling expenses is listed.

Mr. Green: I wanted to ask the minister one or two questions about the national advisory council, and I hope he can deal with these questions tonight because the item to which he has just referred may not be up for consideration for many weeks. I think it is customary for the minister to answer questions when they are asked on the administration item, especially when time is of considerable importance.

There has been some discussion today about this advisory council not having been called together for a second time. I would point out to the minister that on February 5 he had this to say with regard to the council, and I am quoting from page 71 of *Hansard* for that date:

> In this search for the maximum utilization of manpower now under the voluntary system, I believe the government should have available a joint clearing house for the prompt study of month to month manpower resources and needs, for the formulation of advice to the Minister of Labour or to the government with respect to these matters, and for the interpretation of resultant plans to workers, to management and indeed to all citizens.

If the minister will recall, at the time that statement was made the whole question of manpower was of the utmost importance. Nothing has happened, either at home or abroad, in the intervening days to diminish that importance. I am quite sure the minister will agree with that statement. On February 5, which will be three months ago tomorrow, he said he was going to have the advantage of consultation with this advisory council from month to month. I think there has been a great mistake in not having these consultations carried out. I would hope that from now on there would be no further such delays.

On February 21, a news release was issued by the minister's department on the subject of the first meeting of the national advisory council on manpower. In that release we find that certain subjects were specifically dealt with, obviously the subjects which were considered the most important by the advisory council when it did have this first meeting. I believe one subject concerned a national registration. In this press release we find the following. It recommends—

> —that the departments concerned should make an immediate and comprehensive study of all aspects of the national registration question.

That was the recommendation of this national advisory council on manpower when it met on February 20 and 21 of this year. On that same date press dispatches indicated that work would be started at once on the drafting of a national registration form. I am quoting from the Montreal *Gazette* of February 21, and the press dispatch states that the draft was to be submitted to the national advisory council on manpower at its next meeting. Unfortunately, of course, there has been no "next meeting". The report goes on:

> The meeting will be held in camera, unlike the inaugural session yesterday which was open to the press. It is understood that steps will be taken to place orders for the paper and other materials necessary to turn out large numbers of the national registration forms, if the draft proves unsatisfactory. Present indications are that national registration plans adopted for use in the present emergency will differ materially from those in use during the second world war.

A great deal of emphasis was placed on the fact that this council recommended an immediate comprehensive study of all the aspects of the national registration question. I would ask the minister to tell the committee tonight what has been done in pursuance of that recommendation from the council on manpower. I believe that the house and the country are entitled to know now whether anything has been done in pursuance of that request, and if so, just what has been done.

As the minister knows, plans for such a registration would be extensive. They would take some time to work out, and if conditions become worse time is going to be so very precious. We are not going to have the time to fool around and delay these things again. Action will have to be taken quickly. I would ask the minister to explain just what has been done with regard to those plans for a national registration.

Then, there is another recommendation outlined in this press release, and it deals with the provision of skilled workers for industry and the armed forces. A study of the subject was recommended, and I believe that in the course of the discussion today other members have raised this point. I would ask the minister to tell us definitely what has been done to provide more skilled workers.

There was one other recommendation—as a matter of fact there were several other recommendations contained in the press release which I shall not repeat because the minister heard them this afternoon. In the report considerable stress was placed on the use of immigrants coming to Canada. On page 5 of the report we find these words:

> Plans have been laid to bring about 150,000 immigrants to Canada during 1951, of whom close to one-half may be workers. Allowances must be made on the other hand for annual emigration which has amounted to between 20,000 and 30,000 during recent years, mostly to the United States.

Will the minister also explain how that plan is progressing; whether we are going to get 150,000 immigrants to Canada during 1951 and whether, as expected, about half of those will be available to help out in industry. Will the minister deal with those questions?

Mr. Gregg: Mr. Chairman, I am sure the hon. member would not want me to try to give offhand a very good speech—at least I hope it was very good—which I have been looking forward to giving for quite a long time—

Mr. Green: You may have to wait a long time.

Mr. Gregg: I hope I shall have the opportunity of giving that speech with respect to the points he mentioned and those mentioned by the hon. member who took his seat just a minute or so ago. Perhaps he will permit me to answer his question quite briefly. First of all with regard to the general comment today on the delay in calling the second meeting of the council, may I say that I have not at any time since the first meeting asked that the second meeting be delayed. Rather have I suggested, even before my friend the hon. member for Nanaimo jogged my elbow the other day, that I felt it would be a good thing for a meeting to be called as early as possible in view of the work intervening. I want to assure my hon. friend that I thought I made it clear in announcing the creation of the council that it was not in any degree under the orders of the Department of Labour or of the government. Two gentlemen in whom most of us have a great deal of confidence were chosen, because of their special qualifications, to act as joint chairmen.

Mr. Green: Who are they?

Mr. Gregg: Mr. Norman A. Robertson, clerk of the privy council, and Mr. Arthur MacNamara, my deputy minister.

Mr. Green: Yes; but some minister must accept responsibility.

Mr. Gregg: I am accepting responsibility for the receipt of the recommendations from that council and the advice coming from that council, carrying out what can be carried out in my department and conveying for the consideration of my colleagues those opinions that demand their attention. As to the recommendations that have been read to me tonight, I should like to deal with them more thoroughly at another time on my estimates. But I can tell my hon. friend that the one on the study of registrations has gone on continually in my department and in association with other departments, referring as necessary to individual members of the council from time to time and I understand that a report on that subject will be made to the next meeting of the council.

As to the training of skilled workers for the armed services and for industry, not only has a study been made but arrangements have already been entered into with my colleague, the Minister of National Defence, and we are already carrying out training under that federal-provincial plan for the armed forces, the expense being borne totally by the federal government.

On the other side of the picture, as to training for defence industries, we have found in the investigation so far, in discussing it not only with the provinces but with the industries concerned, that the situation is such now that it is difficult to get any large number of unskilled or semi-skilled men away from the plants to undergo theoretical training in a school for a protracted period. In 1939, 1940 and 1941, I understand, it was possible to do that because there was a much larger reserve of manpower seeking employment. So what we are exploring now is how, if we can do it, to carry out some refinement of the federal training on the job and of making it possible for the plant to have facilities for the training of foremen or in other words to train instructors who in turn might be able to instruct on the job. That matter is receiving, on the part of Mr. MacNamara particularly and officials of the department, and the national employment service, very careful study.

Incidentally, of course, there is going on continually the usual federal-provincial vocational training, on a fifty-fifty basis.

Mr. Pearkes: Before the minister leaves that point, may I ask if that dominion-provincial vocational training is not mainly for boys who have just left school, and not for young men trained from the plants?

Mr. Gregg: In the main, it has been; yes. Of course now, for the armed forces, a larger number of more mature men will be going into it, depending on the trades for which they are being trained.

Our role in the Department of Labour with regard to immigration, as my hon. friend knows, is briefly this. We act in association with, and under the policy set out by, the Department of Citizenship and Immigration, providing our facilities within the department, in the unemployment insurance commission and in the national employment services, to assist in placing immigrants who come in without any specified place to work. Although I know that the reports on immigrants arriving and applying are extremely favourable, I would prefer that a more complete report on that subject be given by my colleague the Minister of Citizenship and Immigration, and I know he would be glad to give a statement under my estimates if my hon. friend so wishes.

Mr. Green: I should like to ask one further question with regard to national registration. How long would it take to complete a registration if one were started say at the end of May? How far have the plans progressed for such a registration, and how long is it estimated the time would be that would be required to complete a registration?

Mr. Gregg: Mr. Chairman, I hope my hon. friend will not cross-examine me and draw me into a discussion of an extremely complex matter when I am here without my notes or anything, and also before there is an opportunity to refer the matter back to the council. But to answer his question in the light of the best information available, with all the preliminary planning, briefing and organization done beforehand, it is estimated that it would take approximately three months.

Mr. Brooks: May I ask the minister if any consideration has ever been given to using for this purpose the information which will be collected by the census takers?

I know that the returns they make are quite exhaustive. They have the age, the occupation, the citizenship and all that sort of thing. It would seem to me that it is a duplication of work to have another investigation made when we shall have the census returns in a few months. I should like to know whether any consideration has ever been given to that procedure.

Mr. Gregg: I can say that consideration has been given to it; in response also to another question, I can also state that the use of any existing organization of government, namely the census organization, the unemployment insurance commission which has a vast amount of information with regard to workers or our own department, for this purpose of registration—should it ever be necessary, after careful thought and weighing of the needs of any future situation—is something which should not be done without the matter being referred to the House of Commons and a complete and full outline given as to the form it should take, and it would only be after further study by the national council. It would be interesting to hear how they feel about the study that has gone on. I think I have approached the matter with a reasonably open mind. I was not here from 1939 to 1944; but I have had an opportunity, as the study has been going on, to see what was done. Some of the hon. members who were here probably know the degree of effectiveness in the fruits of that work, but without referring to that, the thing that does strike one is this: If we were able to take a census this week and provide ourselves with a great mass of information at a very great cost by taking on a large number of employees of government, unless a constant and continual follow-up were maintained, six months from now, nine months from now it would not be worth very much.

I am not putting that down on the debit side at all, but it is a point that has impressed itself upon me, and the question therefore has come up for consideration: Would it be better to do something now, or to do the planning, the staff work, the preparations and the arrangements so that when the time appeared to be essential it could be done quickly?

Mr. Green: The minister said that the registration would take about three months. How long will it take to complete the plans preparatory to doing the registration?

Mr. Gregg: I should say within two months.

Mr. Green: That would be five months altogether?

Mr. Gregg: Yes.

Mr. Green: Why would it take three months to do the registration? As I remember the last registration, volunteers helped in every constituency, and it was completed in a very short time. I may be wrong on that, but if my memory serves me that was the position. Everybody helped and the registration was done within a few days. Why would it take three months to complete the registration in 1951?

Mr. Gregg: Again I do not want to be drawn into a discussion. When I speak of three months I am taking the estimate which was given to me by those who have given careful study to this problem. The impression I got was that while the actual business of getting names and information on cards

does not take very long, the real time is taken in compiling the information and putting it in a readily useful form.

Mr. Hansell: I do not want this first item in the labour estimates to pass without saying a word or two on matters that have pressed in upon my mind and puzzled me. At the outset I refer particularly to what I have regarded as rather a delinquent, or shall I say, a slow turnover from a wartime productive basis to a peacetime productive basis. I cannot help thinking that our productive resources in labour manpower could have speeded up the production of wanted goods to a much greater extent than has been done since the end of the war.

When the war ended we expected that we were going to launch into one of the biggest eras of prosperity that the nation had ever seen. Our needs for consumer goods were immense. Through the expansion of war industries during the war and the expansion of the credit facilities of the country, money was more or less plentiful. The productive capacity of the country was perhaps the largest or the greatest that the country had ever seen, and yet somehow or other we did not come to that place where we were producing all that we could.

For years many wanted goods have been in short supply. We were told that there was a backlog of orders. You could not buy cars without putting your name down on the list and waiting for months. I believe that the situation has been alleviated somewhat, but even today you cannot go on the floor of the sales room and buy a car as once you could. Other articles have been in short supply, refrigerators and things of that nature.

It does seem to me that our productive machinery could have been speeded up much more quickly than it was in order to supply Canadians with wanted goods, and goods which they had money to buy. It appears to me that what concerned those governments and labour was the possibility of coming into a period and having to face what our government would regard as an unemployment problem. Their attitude, I have reason to believe, was something to this effect: We must not work too hard. Our productive machinery must not be speeded up too fast, or the first thing we know we shall produce too much and we shall have an unemployment problem on our hands.

On that particular point let me say that I regard that view as absolutely fallacious. Instead of looking at the picture and recognizing that unemployment after all is the fruit of a very highly mechanized and power age in which the burden of toil can be lifted from the shoulders of the worker, giving him more time for life. Instead of regarding the situation as a benefit that should accrue to our civilization, we look at that benefit as being a problem, a problem to be faced. It seems to me, Mr. Speaker, the fallacy of that must be recognized both by government, and particularly by the Department of Labour, and also by labour itself. What must be recognized, I believe, is that in the last analysis it is the production of the country that constitutes the real wealth of the nation. It is not necessarily money. Our government policy should be one where we say to labour, "You produce; produce all you can; do not be afraid of overproduction; if there is a period of overproduction we will call it by another name—we will call it underconsumption. So, get your machinery to work and produce all you can. We, as a government, will pursue a financial policy that will distribute the fruits of your labours."

That should be the attitude of the government. But instead of that, we know it is not the attitude of the government. It seems to me its attitude is: "Work like slaves, in order to produce, so that our financial policy may remain as we think it should remain—sound—and we will interpret the term sound as we wish to interpret it." That seems to be the government's policy.

Only yesterday the hon. member for Lethbridge asked the Prime Minister a pertinent question. His question was as to whether the Prime Minister believed that that which is physically possible should be made financially possible, or words to that effect. What did the Prime Minister of this country say? He rose in his place and evaded the question. He did not answer it at all, but flung it back by saying that he was surprised that a member of the Social Credit group should ask such a question. Why should we not ask a question of that kind, and why should not a straightforward answer have been given?

Under the present financial policy of the government, where do we find labour? We find that labour becomes subject to the government's financial policy. I am sure that if the truth be spoken, and if the whole situation were analysed in its proper perspective, labour as well as the government would be able to determine a financial policy that would accrue to labour and to the rest of the citizens of Canada in such a way that labour could enjoy to the very fullest extent the work of their own hands.

I hold in my hand a pamphlet published by the joint labour unions of Canada. It is

a submission on price controls to the government, and is published by the Trades and Labour Congress of Canada, the Canadian Congress of Labour, the Canadian and Catholic Confederation of Labour, and the dominion joint legislative committee of the railway transportation brotherhoods. I have read this with some care and I believe it is a good pamphlet; it contains much that is true and is extremely well thought out. But before one finishes reading it he comes to one or two passages which are very significant and revealing. We find this at page 11:

> Labour will fight, work and sacrifice to preserve freedom. It will not fight, or work, or sacrifice, to preserve any economic system if that system imperils freedom.

That is quite a statement and, placed in its proper perspective, it should be a true statement. But the fact of the matter is that the present financial policy of the government does the very thing that labour says it will not work and sacrifice to avoid. This indicates to my mind that those who have written the pamphlet, despite the fact that it is well thought out and the arguments are good, show a tremendous lack of one thing. There is no evidence whatsoever that the authors of the pamphlet have any knowledge as to the basic monetary principles upon which the economic system functions. It takes for granted that there is nothing basically wrong—I say basically wrong—with the economic system itself.

According to this pamphlet labour admits that the patient is sick. They admit there is something wrong with the body politic. I am not saying they alone, because I think this is characteristic of many people in many organizations and industries throughout the country, as well as in governments. The authors of the pamphlet admit that the body politic is sick, but they are not able to diagnose the seat of the trouble. They admit that a boil breaks out here or a carbuncle breaks out somewhere else, or a rash begins to appear on the body politic—and of course, Mr. Chairman, I am now speaking figuratively. But it never occurs to them that there is anything wrong with the heart or the bloodstream. So when something pops up to dislocate some branch of the economic system they say, "We are sorry that that boil broke out on the neck. We will prescribe this little bit of salve. If we rub it in we may be able to get rid of the boil."

Mr. Laing: They are giggling.

Mr. Hansell: Or if a carbuncle breaks out on the top of the head so that the body politic cannot wear its hat properly, they say, "Well now, let us prescribe a different kind of salve." So they rub it in again. Someone might even come up with the bright idea of using a scalpel and cutting out the carbuncle. But never do they reach the seat of the trouble.

They may even try an injection, and the body politic rouses itself and appears to take on new strength, only to find that after the injection has worn off the body politic begins to stagger around again. That is the situation. I say, until labour, until industry and until government recognize that the whole economy of the country—labour, wages, prices and all things—is adjusted to a financial policy that will be basically sound, we shall continue to have these troubles with labour and other groups of people, in industry and government alike.

There is another matter too that I should like to bring to the attention of the minister. I did not intend to criticize the labour laws on the statute books of this country because I think they are fair and just. I think the labour code, perhaps for the time being, is one of the best that exists. As time goes on I trust it will be improved, but I do believe that our labour laws, not only nationally but provincially, should guard the right of the individual worker on every occasion. I am not asking questions to be answered. I am intending rather to be provocative. Does the individual worker have his democratic say with freedom and without impairing his right to all the benefits that accrue to labour by reason of organization? I believe that is a question the government should take to its heart and watch most carefully.

I wonder sometimes how integrally related our labour unions are to the labour movements in the United States. I have no objection particularly to a union which because of its particular character may have an international complex. I realize that there are benefits for labour, and perhaps for industry also because industry in some respects has a certain international character. But I believe that we have reason to guard the rights of our individual labour organizations so that they may be free to ply their course and make independent decisions without any interference or coercion from other countries.

I do not want to see happen in Canada what is happening in the United States. The large labour organizations in the United States are fast becoming what I would term a labour monopoly. There was a time when the lords and barons, the princes and kings were looked upon as terrible ogres who were enslaving the worker, and with some degree of accuracy and reason. But that day seems to be

slipping from us. The day is arriving, at least in the United States, when the powerful labour leaders have become the barons, lords and kings of the earth.

Monopoly in labour is just as dangerous as monopoly anywhere else. I rather agree with what the hon. member for Kootenay West said a few days ago when he analysed for us the principle of monopoly and stated that sometimes monopoly may be all right if it serves the national or community interest, but that it becomes a danger when it serves a certain section only, regardless of national interest. I trust the government is watching this most carefully because I believe that in the end a monopolistic labour will destroy the rights and freedom of the individual worker.

I am going to leave those thoughts with the minister. I have not asked him any specific questions but I would like him to comment on the first part of my remarks respecting the change-over from wartime production to peacetime production. I know we are gradually slipping back into wartime production, but I do believe that the solution to many of our problems is to place the proper emphasis where it should be placed, to produce all we can and then have the government say, We will settle our financial policy even though we have to change it in order that Canadians may live and enjoy the fruits of their labours.

Mr. Herridge: Mr. Chairman, I intend to be quite brief but I should like to make a few comments on this first item, particularly with respect to the national advisory council on manpower. Before doing that I should like to extend my congratulations to the minister upon assuming this portfolio. I know there were many veterans in Canada who were sorry to see him leave the Department of Veterans Affairs. I am sure that if the minister satisfies labour as he satisfied the veterans of this country when he was Minister of Veterans Affairs he will be a most successful Minister of Labour.

Before proceeding to what I wish to say tonight I must take issue with the hon. member for Macleod who, as I understood, rather criticized the international aspect of our labour unions. I would draw to his attention that Chrysler is international, that Ford is international, that many other organizations are international. I am quite sure that if there is danger to the national interest or to democratic principles in which we all believe and which we all intend to support and defend, it will come from international capitalism rather than from any other source.

Mr. Hansell: I said that.

[Mr. Hansell.]

Mr. Herridge: I am rather intrigued with this national advisory council on manpower. I believe in principle it is a correct approach to the situation which it has been appointed to advise upon. But many hon. members are not quite sure whether this is a purely paper organization or whether it is really intended to function in the national interest and do the job hon. members expect of it. It has great possibilities and great opportunities if it is given the opportunity to function.

This afternoon the hon. member for Cape Breton South mentioned the capable labour leaders we have on the advisory council, men with talent and ability, and the capable civil servants. He also indicated, however, that these men will not be able to serve satisfactorily on the council unless they are given the opportunity to function as this house expects them to, and unless they have the co-operation of advisory or industrial councils all across Canada, the co-operation of those who are in close touch with local conditions and circumstances. This council can very well deal with over-all policy and general programs, but if its decisions are going to be sound, if they are going to be effective, they must be based on advice and information received from people who are in close touch with local industrial, plant and development conditions.

Therefore I heartily support the suggestion that the government must find the means of having this committee extend its influence throughout the country by co-operation and association with some form of local industrial council which includes representatives of government, labour and management. If the situation is as serious in all constituencies in Canada and presents as serious problems as it does in the constituency I have the honour to represent and in the surrounding country, the council faces a very stiff problem indeed. To illustrate the development projects proposed for the coming year and the next year in the riding I represent, and to some extent in the riding represented by the hon. member for Kootenay East, I would bring to the attention of the committee that the Consolidated Mining and Smelting Company has just issued a program of development that calls for the expenditure of $30 million on a new hydroelectric plant, $12 million on the modernization of the Trail lead smelter, $9 million on the development of a phosphate fertilizer plant at Kimberley, $3,200,000 on the development of the zinc plant at Trail, $2,850,000 on the development of the Kootenay river to Kimberley power transmission line, $3 million on the development of the Bluebell

mine, $2,750,000 on the development of the Hudson Bay mine production and preparation.

In addition to the $62,800,000 program proposed by the Consolidated Mining and Smelting Company, we have a large expansion of mining development. Millions will be put into mining development this year and the year following in Kootenay West alone. Then we have a tremendous expansion of the lumber industry. Nearly all operators in the whole district are expanding their mill operations and their woods operations. At the present time surveys are being made and plans are being drafted for the building of a $20 million pulp mill in the upper Arrow lakes area of my constituency.

Mr. Laing: Unparalleled prosperity.

Mr. Herridge: In addition, there is a general private building program in the area involving millions of dollars. In addition, there is the expansion of the telephone service which will involve millions of dollars. There is the extension of the power and light service transmission lines and so on throughout the country in addition to those I have mentioned totalling millions of dollars. In addition, there is the program of the provincial public works department for my area alone totalling something over $6 million, and on top of that there is a federal public works program, including defence production and public works, wharves and so on, totalling close to $1,500,000.

I have drawn to the attention of the committee the enormous development proposed for the constituency I represent and the surrounding country. That development is found pretty well on the same scale throughout the whole of British Columbia. In view of our defence production needs and the tremendous programs that I have mentioned, it is going to take very careful planning and careful assessment of given situations if the two are going to proceed smoothly at the same time. In the building of power dams, in lumber operations and in the development of mining and these large construction projects, large numbers of skilled workmen will be required, men with skills in the particular work being undertaken. In addition a large number of unskilled workers will be required.

Then there is the shifting from one operation to another. You cannot build a huge power plant by suddenly dropping 2,000 men on the job and proceeding with the work. A certain type of people is required for the foundations and the drilling. A certain type is wanted for the concrete work, and then another group for the steel work. The same thing is true with respect to the expansion of the Consolidated plants and the other developments which are going on in my constituency. If we are going to avoid undue travelling about of men while this tremendous development is taking place we shall have to take steps to that end. Men will hear about these things taking place, and not knowing the skills required or the particular type of labour at a particular time they will waste their time and energy travelling to that part of the country seeking work. In some cases when they get there they will find that they are not the type of labourer required at that particular time.

These things pose a tremendous problem. I am quite sure that the national advisory council on manpower, with the best intentions, cannot function efficiently if it is simply going to meet periodically to accept statements of civil servants, figures that have been prepared by the research department, and so on. I believe the council must have in its hands the recommendations of industrial councils or committees composed of representatives of government, labour and management in the areas concerned who are particularly acquainted with the problems involved. Mining problems differ from district to district, from one part of the country to another. Lumbering operations in my constituency are quite different from those carried on at the coast. The building of power plants is a different proposition in the swift waters of the rivers of British Columbia from what it is in the slower flowing waters of eastern Canada. In my opinion the council will have to have the very close co-operation of local committees if it is going to function satisfactorily.

If the minister will see to it that the council has the co-operation of groups all across Canada acquainted with local conditions he will have done something to strengthen the very fibre of democracy because democracy is based upon local and individual responsibility and co-operation no matter whether the development is a provincial or a national program. Before the minister's estimates are concluded, I should like him to explain if he has any plans for such expansion of the services so far as co-ordination and co-operation with the national advisory council on manpower is concerned.

Mr. Gregg: Mr. Chairman, I shall only take a moment on this point. The hon. member for Kootenay West has outlined very clearly in his speech what is intended and what is being carried out in these plans. He outlined the great development in his own constituency. I did not hear from him any observation which would indicate that as

yet there is any serious clashing in the sense of providing manpower, but he expressed concern as to the future.

Mr. Herridge: That is right.

Mr. Gregg: I think I am correct in saying that the reason that disruption has not yet occurred has to a great extent been due to the good offices of advisory committees on employment in his area. They have representatives of labour and management serving on these committees, and they are doing an excellent service in advising our regional and local offices of the national employment service. They are very active. When workers are wanted they do not need to go on a wild goose chase, but can find out through these offices where the employment is without spending their money going to various places.

Now, multiply the area in that constituency by all the areas in Canada, Mr. Chairman, and you will see the strength of contact that this national body has available. That was what I meant when I stated in my first announcement in the house that these local employment advisory committees would act in close co-operation with this national body.

There is one other point as to the functions of the council. There seemed to be a suggestion this afternoon that the council was an administrative body in itself, but it is advisory, as the name indicates.

Mr. Browne (St. John's West): I have to speak on this item, because I do not see any other item in the estimates dealing with this subject. I am glad to know there is going to be such a shortage of manpower in British Columbia. It does not show in the statistics that were published in March, because there was an increase in unemployment there over the previous month. Throughout Canada the same conditions seem to apply, and there were 293,000 listed as unemployed on January 20.

I am not going to speak for the rest of Canada; I am going to speak for Newfoundland and I intend to mention the subject discussed by my friend the member for St. John's East earlier this evening. There is the question of the employment of Newfoundlanders in the iron ore mines on the border of Quebec and Labrador. The question of manpower for the Labrador iron ore mines has been the subject of discussion and legislation in Newfoundland since 1938. Newfoundlanders have been looking forward all these years to getting employment there. Actually there is a mystery, to me at any rate, because no one seems to know anything about it down in Newfoundland. It is only occasionally that we meet a person who is employed there.

At the present time, I understand, the companies are building a railroad some three hundred miles from Seven Islands into the place where the mine will be operated. As my friend has pointed out, there has been some dissatisfaction amongst Newfoundlanders who have been employed there. In the employment registry office at St. John's on January 25 there were 5,160 registered as unemployed. That was the highest number for any city in Canada east of Quebec. It does not, by any means, represent the number of people who are unemployed, because many people do not think it is worth while to go to the office and put down their names. They have done that and they have never heard anything more about it. They have no faith in it. In addition to that, there are a lot of people like fishermen who are employed seasonally. They do not go to register at all. This is a special year. Because of the low prices which fishermen received for their fish last year, they do not intend to go fishing. There are going to be a great number looking for work. I imagine they had counted on getting some employment in Labrador, either on the railway or in the mine. I should like to know if the minister or his officials have given any consideration to the question of recruiting men to go to these places, or do the men have to find out for themselves how they are going to get employment there?

I know the government has nothing to do with the employment of men there, but I presume that in such an out of the way place the employment commission might be consulted by the companies who are seeking men. I imagine the type of men they want are probably woodsmen and riggers, men who have been working on railway gangs and that type of construction work. I think you could find a great many of them in Newfoundland. When I was at home a great many people came to see me, and a great many people have been writing to me to ask how they can get work in Labrador. I can only refer them to the employment commission in St. John's. My experience has been that it is a sort of accounting office receiving money from those who are employed, and paying out unemployment insurance to those who are not. It is not doing much in regard to obtaining employment for people looking for it. I know that it is nearly eleven o'clock, but perhaps the minister will have a moment to reply.

Mr. Gregg: I shall be happy to give the hon. member a complete reply under an item in my estimates later, because there are a few aspects of this subject in which I am interested. It applies to my own province as well as his. I shall be glad to outline to him what the feeling of the commission is with regard to the grouping of fishermen under the terms of the act. He will understand at once that there are great difficulties to overcome, but in so far as it is possible to do so we will attempt to carry out the suggestions.

Mr. Browne (St. John's West): Do I understand the minister to say there is an item under which he can reply to my question?

Mr. Gregg: I shall do so under the unemployment insurance item.

The Deputy Chairman: Shall the item carry?

Mr. Knowles: No, it is eleven o'clock.

Mr. Fournier (Hull): Do I understand that the first item is not carried?

Mr. Knowles: No.

The Deputy Chairman: I asked hon. members if the first item was carried.

Mr. Green: I understand the minister will answer the hon. member for St. John's West on another item.

Mr. Gregg: And any other question I have not covered tonight, I shall attempt to cover on the appropriate item.

The Deputy Chairman: Shall the item carry?

Mr. Knowles: No, Mr. Chairman; it is eleven o'clock.

Item stands.

Progress reported.

Business of the House

BUSINESS OF THE HOUSE

Mr. Fournier (Hull): On Wednesday last the Prime Minister announced that the resolution in the name of the Secretary of State for External Affairs would have priority. That resolution concerns the reference of his estimates to the committee on external affairs.

At three o'clock the Prime Minister announced that, if there were an understanding with all parties of the house that we could get through quickly this address concerning the amendment to the British North America Act on old age pensions, he would undertake to move it. I understand that it would not impair the discussion of external affairs which was announced some days ago. I really hope we can succeed in having this put through the house a little more quickly than the first item of the Department of Labour.

Mr. Green: Can the minister say what other days next week are also filled?

Mr. Fournier (Hull): On Tuesday we shall move to go into supply, undertaking not to call any new departments, and proceed with the estimates of national defence.

Mr. Green: And Wednesday also?

Mr. Fournier (Hull): And Wednesday also; but please do not ask me about any other days.

Mr. Adamson: I understand then that on Monday external affairs is going on as scheduled?

Mr. Fournier (Hull): Oh, yes.

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

APPENDIX

CORRESPONDENCE BETWEEN THE MINISTER OF JUSTICE AND PREMIERS OF THE PROVINCES WITH RESPECT TO OLD AGE PENSIONS CONSTITUTIONAL AMENDMENT

Note: We were not supplied by the Hon. Mr. Duplessis with an authorized translation of his letters of March 11, 1951, and April 18, 1951. We desire to emphasize that the unofficial translations which have been prepared here have not been authorized by the Hon. Mr. Duplessis and to that extent are not binding on him.

ALBERTA

Office of the Premier

Edmonton, March 6, 1951

The Honourable Stuart S. Garson, K.C.,
Minister of Justice and Attorney General
of Canada,
Ottawa, Canada.

Dear Mr. Garson:

I am in receipt of your letter of the 28th ultimo enclosing copies of the submissions made by the premiers of the various provinces in relation to the proposed amendments to the British North America Act.

I am in agreement with your first suggestion that a new section 95a be enacted reading as follows:

"95a. In each province the legislature may make laws in relation to old age pensions within the province; and it is hereby declared that the parliament of Canada may from time to time make laws in relation to old age pensions in Canada, but no law made by the parliament of Canada in relation to old age pensions shall affect the operation of any law in relation to old age pensions made by a provincial legislature."

While there is no doubt that at the present time the legislature of each province has the power to make laws in relation to old age pensions, nevertheless I can see no objection to repeating the power in section 95a even though redundant, in order that no argument can be raised that it was intended to take this power away.

I have no further suggested amendments to head 2 of section 92.

Yours very truly

(Sgd.) Ernest Manning

Premier

ONTARIO

Office of the Prime Minister and President of the Council

Toronto, Ontario, March 7, 1951

The Honourable Stuart Garson, K.C.,
Minister of Justice and Attorney General
of Canada,
Ottawa, Ontario.

Dear Mr. Garson:

Your letter of February 28th received.

For reasons which you have very clearly stated, and with which we are in complete agreement, you propose a new section 95A to be in either of the following forms,—

"In each province the legislature may make laws in relation to old age pensions within the province; and it is hereby declared that the parliament of Canada may from time to time make laws in relation to old age pensions in Canada, but no law made by the parliament of Canada in relation to old age pensions shall affect the operation of any law in relation to old age pensions made by a provincial legislature."

or

"It is hereby declared that the parliament of Canada may from time to time make laws in relation to old age pensions in Canada, but no law made by the parliament of Canada in relation to old age pensions shall affect the operation of any law in relation to old age pensions within any province made by the provincial legislature of such province."

Either one of these forms is satisfactory to us. If, therefore, the government of Canada or any of the provinces have a preference for one of these forms it will be quite satisfactory to us.

We trust that the amendment will be effected as soon as possible and the legislation proceeded with as agreed upon.

Sincerely yours,

(Sgd.) Leslie M. Frost

PROVINCE OF BRITISH COLUMBIA

Office of the Premier

Victoria, March 8, 1951

Honourable Stuart Garson, LL.D.,
Minister of Justice and Attorney General,
Parliament Buildings,
Ottawa, Canada.

My dear Mr. Garson:

I have for acknowledgment your letter of February 28, together with enclosures relating to the proposed constitutional amendments dealing with old age pensions and the indirect sales tax.

I have had our attorney-general and his officials examine your correspondence thoroughly and we have come to the view that the draft in respect of old age pensions to be found on page 3 of your communication satisfactorily deals with this question. It is felt that it grants the necessary power to the parliament of Canada to make laws in relation to old age pensions while at the same time fully preserving provincial rights in dealing with the same question.

In relation to the sales tax amendment, we are satisfied that the amendment suggested by you is quite sufficient for all practical purposes. This amendment, as I gather from your correspondence, is as follows:

"2. The raising of revenue for provincial purposes by:

(a) direct taxation within the province, and

(b) indirect taxation within the province in respect of the sale of goods (except goods sold for shipment outside the province) to a buyer for purposes of consumption or use and not for resale, at a rate not exceeding three per centum of the sale price, but not so as to discriminate between sales of goods grown, produced or manufactured within the province and sales of goods grown, produced or manufactured outside the province."

With kindest personal regards,

Yours faithfully,

(Sgd.) Byron I. Johnson
Premier

ST JOHN'S, NEWFOUNDLAND
Office of the Premier

March 9, 1951

The Honourable Stuart S. Garson, K.C.,
Minister of Justice and Attorney General,
Ottawa, Canada.

Dear Mr. Garson:

Thank you for your letter of the 28th ult. with reference to constitutional amendments in which you enclose copies of correspondence from the various provincial premiers.

I have discussed this matter with the attorney general and it has come before cabinet. As far as Newfoundland is concerned we are prepared to accept what you refer to as your third draft (on page three of your letter), reading—

"It is hereby declared that the parliament of Canada may from time to time make laws in relation to old age pensions in Canada, but no law made by the parliament of Canada in relation to old age pensions shall affect the operation of any law in relation to old age pensions within any province made by the provincial legislature of such province."

but if the other provinces prefer it we would agree to your new draft section 95A (page two of your letter) reading as follows—

"In each province the legislature may make laws in relation to old age pensions within the province; and it is hereby declared that the parliament of Canada may from time to time make laws in relation to old age pensions in Canada, but no law made by the parliament of Canada in relation to old age pensions shall affect the operation of any law in relation to old age pensions made by a provincial legislature."

With respect to the proposed amendment of section 92 (2) it seems to me that the point made by Premier Macdonald may be well taken, and that the amendment with reference to indirect taxation might well be included in section 92 as a new enumerated head (2) (a). Newfoundland, however, will accept the ruling of yourself and your advisers in this matter.

Yours faithfully,

(Sgd.) J. R. Smallwood
Premier

Appendix

(Translation):

PROVINCE OF QUEBEC
Office of the Premier

Quebec, March 11, 1951

The Honourable Stuart Garson, K.C., P.C.,
Minister of Justice,
Ottawa, Ont.

Dear Mr. Garson:

The Quebec legislature resumed its parliamentary work on January 24 last and, for the past couple of weeks we have been at the most active and engrossing stage of our legislative programme.

Your letter dated February 28, respecting the Canadian constitution and old age pensions was delivered at my office March 2 and I was unable to take cognizance of same before yesterday. Thanks for the information your letter imparts to me and for the copy of the correspondence relative to these important problems which accompanied it.

In the course of the Canadian intergovernmental conference held at Ottawa at the beginning of December, 1950, the federal government made statements and proposals to the representatives of the provinces with reference to these constitutional amendments and old age pensions.

The federal authorities wish to assume the full payment of old age pensions from age 70 and this without the 'means test," provided it be possible for it to recoup itself for such outlays by means of a constitutional amendment conferring on Ottawa a jurisdiction which at the present time is exclusively provincial. Furthermore, the federal government undertakes to contribute, with the provinces, in a proportion of 50 per cent, to the payment of an old age pension of $40.00 per month, granted with "means test," to Canadian citizens from age 65.

For the purpose of helping the provinces secure supplementary revenues in order to meet the additional expenses occasioned by the provincial contribution of 50 per cent to payment of pensions starting at age 65 and up to age 70, the federal authorities suggested a constitutional amendment granting the provinces a limited power of indirect taxation.

You forwarded to me with your letter of January 2 last two federal drafts of constitutional amendments, namely: (I indicate with capital letters the amendments in question)

"A" 1. Add a new subsection to section 95 in the following terms:

"(2) Notwithstanding anything in this act, the parliament of Canada may make laws in relation to old age pensions."

"B" 2. Re-enact head 2 of section 92 to read as follows:

"2. The raising of revenue for provincial purposes by

(a) direct taxation within the province, and

(b) indirect taxation within the province in respect of the sale of goods (except goods sold for shipment outside the province) to a buyer for purposes of consumption or use and not for resale, at a rate not exceeding three per centum of the sale price, but not so as to discriminate between sales of goods grown, produced or manufactured within the province and sales of goods grown, produced or manufactured outside the province."

On January 20, you wrote me to make alterations to the federal draft relative to the 3 per cent indirect tax.

These draft amendments were submitted to the council of ministers and, afterwards, to the Quebec legislature during the session presently being held.

Appendix

We have made known on several occasions the decision of the present government of Quebec to co-operate with the federal authorities in the establishment of an improved old age pensions system that will be as complete as possible in the circumstances. Actually, on many occasions, we have expressed the desire of the government of the province to co-operate with the federal authorities in the establishment of just and proper old age pensions as from age 65.

The government sought and obtained from the legislature the authorization to conclude a friendly agreement with the federal authorities in respect of these matters. We have come to the following conclusions:—

We deem the first draft amendment—amendment "A" unacceptable for numerous reasons, of which there are two special ones: in the first place, because it confers on Ottawa an exclusive power in a field exclusively reserved to the provinces; then, because the terms of section 95 with which this draft amendment would be linked, grant, in certain cases, a federal priority we deem inopportune in the circumstances.

With reference to the second draft amendment which your letter of February 28 brings us, we believe there would be cause to alter it. This new draft reads as follows:—

"C" "It is hereby declared that the parliament of Canada may from time to time make laws in relation to old age pensions in Canada, but no law made by the parliament of Canada in relation to old age pensions shall affect the operation of any law in relation to old age pensions within any province made by the provincial legislature of such province."

It seems to us that in constitutional matters it is necessary to proceed cautiously and in a clear and precise manner. The Canadian constitution is a fundamental document the importance of which by far transcends ordinary conventions and effects of which have repercussions a long time in the future.

We consider that this constitutional amendment should mention expressly that the matter has to do with old age pensions starting at age 65 and over. Besides, this federal draft amendment indicates the federal power to legislate "from time to time" and does not make this important mention in respect of provincial legislation. This difference in the wording could give the unfortunate impression that the provincial powers are limited to the present provincial legislation. In our opinion, it would be proper that the expressions "from time to time" apply to the provincial legislative power.

Do you not think it would be proper, to avoid any possible doubt in the future, to indicate definitely that the matter has to do, in respect of old age pensions starting at age 70, with pensions of at least $40.00 per month, granted without "means test"?

There would also be cause, in our opinion, to consider in this amendment, the fact that the provincial taxpayers and the federal taxpayers are the same persons so as to avoid any possible injustice with regard to the provinces which, each and every one, are vitally interested.

Furthermore, we consider that this constitutional amendment should exist by itself so as to indicate clearly its special character and that, at all events, it should not form part of section 95 which grants certain priorities to the federal body, something we could not reasonably accept.

With reference to the draft amendment respecting the new provincial power of indirect taxation, amendment marked "B" in this letter:—

As you are aware, we have expressed the desire and opinion on many occasions that, the fiscal or financial power being a necessary corollary to the exercise of the administrative and legislative power, the provinces have the right to possess, in a precise, clear and definitive manner, all the sources of revenue indispensable to the performance of their obligations as well as to the exercise of their rights and this, not only with a view to the present but also with a view to the future, for to govern is to foresee.

On the other hand, as this aspect of the problem is one of the very vast scope, and we wish to co-operate in the rapid enactment of appropriate and just old age pension legislation, we shall limit our remarks, at the present time, to the draft submitted.

It follows from the correspondence that the federal is not disposed to acknowledge to the provinces an indirect retail sales tax exceeding 3 per cent.

As a further manifestation of our desire to co-operate and subject to our rights and to our suggestions in respect of the exact delimitation of the provincial and federal fiscal and financial powers, we will make no objection to this constitutional financial amendment provided it is more clear, more effective and more capable of applications. We acknowledge the expediency of forestalling any possible discrimination between the provinces and, in the circumstances, of subordinating the application of this power to the retail trade.

However, it seems to us that the expression "goods", in the suggested amendment, may open the door to multiple conflicts of interpretation and, in short, render illusory a good portion of the new rights conferred by this amendment. We believe it would be proper to grant to the provinces the right to apply an indirect sales tax in the retail sales field, "at the retail sale level". This expression appears to us more clear, more just and better suited than the expression "sale of goods". We understand the expediency of the distinction you make with respect to goods sold at the retail level for consumption or use in one province by a citizen of that province.

It goes without saying that all precautions should be taken so that the new constitutional amendment should not have the effect of calling in question the power of the provinces of imposing sales and education taxes, that are imposed in the province of Quebec, to quote but one example.

In a word, you can rest assured, as we have proven on numerous occasions, that it is the sincere desire of the province to co-operate in a friendly and loyal spirit, with the federal authorities in the expeditious formulation and application of a just and appropriate system of old age pensions, starting at age 65.

On several occasions, yourself and the Prime Minister, the Right Honourable Mr. St. Laurent, have acknowledged and proclaimed the bilingual character of our country, and that is why in a matter of this importance, we deem proper that the opinion of the province of Quebec be conveyed in the language of the immense majority of the population of our province.

With my sincere regards,

(Sgd.) M. L. Duplessis

(Text):

NOVA SCOTIA

The Premier, Halifax

March 12, 1951

Hon. Stuart Garson, P.C., M.P.,
Minister of Justice and Attorney General,
Ottawa, Canada.

Dear Mr. Garson:

Let me thank you for your letter of February 28 and for the proposed amendment to the B.N.A. Act mentioned therein.

So far as Nova Scotia is concerned, I may say that we think that there is agreement between us on the purpose of amendment and generally upon the method of amendment.

The amendment proposed in your letter used the phrase "in Canada" instead of the phrase at present used in section 95 "in all or any of the provinces". I am not sure whether the new phrase is to be taken to mean that any dominion law in relation to old age pensions must be uniform in its application and operation throughout Canada. In fact, the operation of old age pension laws has varied. Thus I think that when Prince Edward Island began to pay old age pensions, they fixed the maximum monthly payment at $15 instead of $20 which was the maximum in all or most of the provinces. However, I believe that a great deal can be done in such matters by regulations agreed to jointly by the dominion and any province, and perhaps the point which I raise in this paragraph is not of great significance.

I doubt whether the concluding clause is essential in order to assure concurrent powers to Canada and the provinces. I refer to the clause which reads: "but no law made by the parliament of Canada in relation to old age pensions shall affect the operation of any law in relation to old age pensions made by a provincial legislature". I would suggest, therefore, that this clause be deleted, but if the general desire is to have some such clause in the amendment, I should like to suggest the following words be used: "but no law made by the parliament of Canada in relation to old age pensions shall detract from the legislative competence of a provincial legislature in relation to old age pensions".

As to the amendment with regard to the imposition of indirect taxes by the province, I note that your letter does not suggest any redraft of the original proposal.

I should like, however, to repeat, what I have already said in my memorandum which accompanied my letter of January 19. That was that the amendment constitutes the sole source of the provinces' power to impose an indirect tax. It ought, therefore, to be sufficiently wide in its terms to authorize any tax which it is contemplated the provinces should have a right to impose.

Yours very truly,

(Sgd.) A. L. Macdonald

The Government of the Province
of New Brunswick

THE PREMIER

Fredericton

March 12, 1951

Hon. Stuart Garson,
Minister of Justice,
Ottawa, Canada.

Dear Mr. Garson:—

I received in due course your letter of February 28 relating to constitutional amendments which have been under study respecting old age pensions and a provincial sales tax.

Appendix

This letter will deal only with the first proposed amendment. I feel this division of the matter is justified inasmuch, as pointed out in my letter of February 2, the two matters are "quite distinct one from the other and capable of separate action".

Some confusion seems to have developed in certain quarters where an opinion or view has developed that the sales tax amendment was part and parcel of the old age pension plan which was under study at the December federal-provincial conference. All governments there represented are fully aware that there is no relation or connection between the two and that the old age pension plan can go forward without any sales tax amendment.

In order, however, to emphasize this point I am referring herein only to the old age pension amendment and shall make the proposals regarding a sales tax amendment the subject of another letter to follow shortly.

Having in my letter to you of February 2 agreed to the proposed amendment relating to old age pensions originally proposed we are quite prepared to accept either of the alternative amendments set out in your letter of February 28. We have no preference in the matter and either of the latest proposals which receives the assent or concurrence of the other provinces will have our approval.

Yours sincerely,

(Sgd.) John B. McNair

The Government of the Province
of New Brunswick

THE PREMIER

Fredericton

March 13, 1951

Hon. Stuart Garson, K.C.,
Minister of Justice,
Ottawa, Canada.

Dear Mr. Garson:

Yesterday I replied in part to your letter of February 28, relating to amendments to the British North America Act, respecting old age pensions and a provincial sales tax.

For reasons then stated I dealt only with the first mentioned amendment. Herein I shall state our views on the proposed taxation amendment, a matter entirely distinct and separate from the other.

Your letter of February 28 suggests that the federal government is inclined to stand by the principles of the sales tax amendment as previously indicated in your letters of January 2 and January 20.

As pointed out in my letter of February 2, our interest in such a constitutional amendment rests upon the advantage that an indirect sales tax at the retail level is considered to possess over a consumers tax such as is now operating in several of the provinces, which involves a direct levy on the purchaser at the time of the retail sale.

When last year the legislature of this province adopted a consumers' tax much of the opposition to it centred around the features of it connected with its collection. It was to meet the alleged objectionable features of this form of taxation that this government has been supporting the proposal for a change in the constitution under which our present levy could be imposed in another form—that is as an indirect sales tax at the retail level.

In passing it may be observed that some who were then expressing criticism of our present tax because of the bothersome collection methods involved would now appear to be sympathetic to the opposi-

Appendix

tion being voiced against the constitutional amendment which has since been proposed and which if adopted would serve to overcome their former objections.

While we are still interested in an amendment to the constitution which would permit us to abolish our present tax and replace it by an indirect sales tax we see no advantage for this province in the present federal proposal.

To meet the needs of this province and its municipalities the rate of our new tax last year was fixed at four per cent. By adopting this rate the legislature was able to provide extensive exemptions, the most important being the complete exemption of food and fuel. To replace this tax by an indirect sales tax at three per cent, the maximum rate which would be permitted under the amendment, would doubtless mean the elimination of all exemptions.

There is reason to feel that behind this proposal to limit in the amendment the jurisdiction of the provinces to fix the tax rate is the thought that any indirect sales tax imposed by a province under its authority should be applied right across the board to all retail sales without any provision for exemptions, even in matters as vital to the average citizen as food and fuel. The government of this province is not prepared to adopt any such plan. In fact we are definitely opposed to such notions.

It is difficult to regard the attitude of the federal government on this point in any other light than a determination to dictate to the provinces their policy in taxation matters. We fail to see why it should concern the dominion whether a provincial indirect sales tax should be two per cent, three per cent or any other percentage. As a matter of principle it seems to us that if the legislatures are vested with jurisdiction in any field, large or small, they alone should determine how their powers should be exercised.

So on the one hand we are opposed in principle to the amendment in the present form. On the other hand we attach no value to it from the practical point of view. As stated it could have no operation in this province unless the indirect taxation authorized by it were applied without exemptions, a course to which as stated we are opposed. The only other solution would be to have both forms of taxation in use which no one would want.

Notwithstanding what has been written we will be glad to be kept informed of the views of the other provinces on this matter and any developments connected therewith. If all the other provinces agree to the constitutional amendment in the form proposed by you we would feel very strongly constrained to agree thereto in the interest of co-operation and goodwill.

Yours sincerely,

(Sgd.) John B. McNair

SASKATCHEWAN

Premier's Office

Regina, March 20, 1951

AIRMAIL

The Honourable Stuart S. Garson, K.C.,
Minister of Justice and Attorney General,
Ottawa, Ontario.

Dear Mr. Garson:

Enclosed please find a copy of the Votes and Proceedings of the legislative assembly of Saskatchewan for Friday, March 16. You will notice that the assembly has given its approval to both of the constitutional amendments which have been under discussion. The wording of both amendments is such that the Lieutenant Governor in Council can give its approval to the constitutional amendments as presently drafted or to any amended wording which may result from further discussions providing, of course, that the basic principles remain unaltered.

A radio broadcast intimated some time ago that you might call a conference of the provincial premiers to discuss the exact wording of the proposed constitutional amendments. If such a conference is in prospect, I would appreciate hearing from you regarding the probable date it is likely to be held.

Yours sincerely,

(Sgd.) T. C. Douglas

Encl.

Extract from Votes and Proceedings of the legislative assembly of the province of Saskatchewan, No. 32, Friday, March 16, 1951.

"Moved by the Hon. Mr. Douglas (Weyburn), seconded by the Hon. Mr. Fines:

"That this assembly approves in principle the amendment to the British North America Act proposed by the government of Canada following the federal-provincial conference held in December, 1950, designed to provide that while the legislature may make laws in relation to old age pensions within the province, the parliament of Canada may make laws in relation to old age pensions in Canada, and authorizes the Lieutenant Governor in Council to approve any amendment incorporating such principle or to approve any amended wording suggested by the government of Canada and deemed to embody such principle.

"A debate arising, and the question being put, it was agreed to unanimously.

"Moved by the Hon. Mr. Douglas (Weyburn), seconded by the Hon. Mr. Fines:

"That this assembly approves in principle the amendment to section 92 of the British North America Act proposed by the government of Canada following the federal-provincial conference of December, 1950, under which, in addition to the powers already possessed by the province, the province shall have power to raise revenue for provincial purposes by,

'Indirect taxation within the province in respect of the sale of goods (except goods sold for shipment outside the province) to a buyer for purposes of consumption or use and not for resale, at a rate not exceeding three per centum of the sale price, but not so as to discriminate between sales of goods grown, produced or manufactured within the province and sales of goods grown, produced or manufactured outside the province, and not so as to discriminate between sellers or classes of sellers of the same class of goods';

and authorizes the Lieutenant Governor in Council to approve the amendment in the above words or to approve any amended wording suggested by the government of Canada which provides for indirect taxation within the province.

"A debate arising, and the question being put, it was agreed to on the following recorded vote:

YEAS

Messieurs

Douglas (Weyburn)	Brown
Wellbelove	Gibson
Bentley	Swallow
McIntosh	Thair
Brockelbank	Darling
Fines	Howe
Lloyd	Douglas (Rosetown)

Sturdy	Kuziak
Williams	Denike
Gibbs	Walker
Heming	Willis
Dewhurst	Larsen—25.
Stone	

NAYS

Messieurs

Benson	Korshinski
Tucker	Cameron
Lopston	Banks
McCormack	Horsman
Danielson	Deshaye
Blanchard	McCarthy
Trippe	Maher—15.
Egnatoff	

SASKATCHEWAN

Premier's Office

Regina, March 22, 1951

The Hon. Stuart Garson, K.C.,
Minister of Justice and Attorney General of Canada,
House of Commons,
Ottawa, Ontario.

Dear Mr. Garson:

In my letter dated February 5, 1951, I stated:

"We are satisfied that the wording which you have suggested for the two proposed constitutional amendments will carry out the spirit and intent of the decisions arrived at during the federal-provincial conference of last December."

As far as the proposed amendment to the British North America Act respecting old age pensions was concerned, we were satisfied with the suggested wording. For this reason we undertook to submit the proposed amendment to the legislature as soon as possible with our complete endorsation and support.

With respect to your comments, we agree with the opinion expressed in your letter of February 28, 1951, that the effect of the amendment originally proposed was not to give the government of Canada sole jurisdiction in the field of old age pensions legislation. While we are of the opinion that the first draft amendment with respect to old age pensions would leave the provinces jurisdiction to deal with old age pensions, we do not see why either of the redrafts set out on pages two and three of your letter would not be satisfactory. Of the two redrafts, the second set out on page three of your letter would be preferable as it makes it clear that the provinces had jurisdiction previously, and will continue to have jurisdiction in the field of old age pensions legislation.

In view of your suggestion that the redrafts of the proposed amendment respecting old age pensions be considered, and in view of the conclusions we arrived at after studying your suggestions, we decided that it would be advisable to redraft the resolution submitted to the legislature on February 8, 1951. The resolution as redrafted appears on page two of the votes and proceedings of the legislative assembly of Saskatchewan, number 32, Friday, March 16, 1951, as follows:

"Moved by the Hon. Mr. Douglas (Weyburn), seconded by the Hon. Mr. Fines:

That this assembly approves in principle the amendment to the British North America Act proposed by the government of Canada following the federal-provincial conference held in December, 1950, designed to provide that while the legislature may make laws in relation to old age pensions within the province, the parliament of Canada may make laws in relation to old age pensions in Canada, and authorizes the Lieutenant Governor in Council to approve any amendment incorporating such principle or to approve any amended wording suggested by the government of Canada and deemed to embody such principle."

This motion was agreed to unanimously. A copy of the Votes and Proceedings containing this motion and a record of the vote was forwarded to you with my letter of March 20, 1951.

We are of the opinion that both redrafts of the amendment to the British North America Act as proposed in your letter dated February 28, 1951, embody the principle approved in the above resolution and are satisfactory. As indicated above, we prefer the second redraft set out on page three of your letter. In accordance with the wishes of the legislative assembly, we would be prepared at any time to discuss any other amendment incorporating the principle set out in the resolution of the legislative assembly.

Yours sincerely,

(Sgd.) T. C. Douglas

CANADIAN NATIONAL TELEGRAPHS

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Hon Stuart S Garson
Minister of Justice Ottawa Ont

Your letter February twenty-eight concerning constitutional amendments re old age pension and indirect sales tax has been fully considered by Manitoba government. Premier Campbell's letter to you January thirty-one indicated our acceptance of old age pension proposals enclosed with your letter January two failing general approval of alternative proposals set out in his letter. Our alternative proposals not being generally acceptable we confirm approval of your proposals. No objection here to either form of new section 95 A but prefer last alternative in your letter February twenty-eight. Government resolutions of concurrence in constitutional amendments for both old age pensions and three per cent indirect sales tax on today's order paper of Manitoba legislature.

C. Rhodes Smith, Attorney General

Identical letter sent
to all Premiers.

Office of the Minister of Justice

CANADA

Ottawa, April 3, 1951

The Honourable L. M. Frost, K.C.,
Premier of Ontario,
Parliament Buildings,
Toronto, Ontario.

Dear Mr. Frost,—

On February 28, 1951, I wrote to you forwarding two alternative drafts to the first old age pensions amendment draft which I had forwarded to you in my letter of January 2, 1951. In my said letter of February 28, I also dealt with representations which had been made by a number of the provincial premiers concerning the matters referred to in my letter of January 2, 1951.

I now enclose, herewith, the replies to my said letter of February 28, 1951, which I list as follows:

Letter from Premier Jones, dated March 2, 1951;

Letter from Premier Manning, dated March 6, 1951;

Appendix

Letter from Premier Frost, dated March 7, 1951;
Letter from Premier Johnson, dated March 8, 1951;
Letter from Premier Smallwood, dated March 9, 1951;
Letter from Premier Duplessis, dated March 11, 1951;
Letter from Premier Macdonald, dated March 12, 1951;
Letter from Premier McNair dated March 12, 1951;
Letter from Premier McNair, dated March 13, 1951;
Letter from Premier Douglas, dated March 20, 1951;
Letter from Premier Douglas, dated March 22, 1951;

Telegram from Hon. C. Rhodes Smith, K.C., dated April 2, 1951.

It is to deal with the points which have been raised in these enclosed communications, the last of which I received only yesterday, that my present letter, dated April 3, 1951, is being written.

The enclosed letters show that the governments of Alberta, British Columbia, Ontario, New Brunswick, Newfoundland, Saskatchewan and Manitoba have accepted either the second or third drafts of the old age pensions amendment. The government of Prince Edward Island prefers either the first or the third draft.

The government of Nova Scotia seems willing to accept either the second or third draft, subject to their being satisfied with regard to the "but" clause in the draft. The Honourable Mr. Macdonald suggested that this should be revised to read:

"But no law made by the parliament of Canada in relation to old age pensions shall detract from the legislative competence of a provincial legislature in relation to old age pensions." The purpose of this "but" clause is to make it clear that any federal old age pensions laws would not override any provincial old age pensions laws. We think that if the Nova Scotia wording is adopted and if parliament legislates in a field where the province may also legislate, one of two results may follow: First, parliament may oust the jurisdiction of the province; or, second, in the event of repugnancy, the act of parliament may override a provincial act. Nova Scotia's proposed draft deals with the first possibility, but leaves the second untouched. Thus, if there is a repugnancy, the act passed by parliament will override the provincial act—the very thing that we are seeking to avoid. We therefore would prefer our own original language as follows:

"But no law made by the parliament of Canada in relation to old age pensions shall affect the operation of any law in relation to old age pensions within any province made by the provincial legislature of such province."

The government of Quebec rejects the first draft of the old age pensions amendment and comments only on the third draft. We take it from the Hon. Mr. Duplessis' letter of March 11, 1951, that the third draft is preferable to the Quebec government provided certain changes in the third amendment are made, as follows:

1. The Honourable Mr. Duplessis objects to the fact that parliament is given power to legislate "from time to time" whereas this phrase is not used in the reference to provincial laws. Upon consideration, this point seems to be well taken. We see no objection to striking out the phrase "from time to time" in the third draft. This would leave parliament in the same position as the provincial legislatures in this regard.

2. The Honourable Mr. Duplessis takes the position that the old age pensions constitutional amendment should stand by itself and should not form part of section 95. In this connection it will be noticed that we have numbered the old age pensions constitutional amendment as section 95A, that is, as a section quite distinct and apart from section 95. We would have no objection to emphasizing this distinction still further by having inserted in the British North America Act a heading "Old Age Pensions" just above the proposed new section 95A.

3. The Honourable Mr. Duplessis thinks that the amendment should mention that it concerns old age pensions as from the age of 65 years and over; and that

4. It would be advisable to point out clearly that with regard to the old age pensions from the age of 70, what is intended is a pension of $40.00 per month without a means test.

The views of the other provincial premiers are invited with reference to the Hon. Mr. Duplessis' suggestions Nos. 3 and 4. We think that these are two points upon which there should be consensus of opinion before the wording in the draft constitutional amendment is amended to take care of them.

I would accordingly submit for your approval a redraft of the third draft to read as follows:

"Old Age Pensions

95A It is hereby declared that the parliament of Canada may make laws in relation to old age pensions in Canada, but no law made by the parliament of Canada in relation to old age pensions shall affect the operation of any law in relation to old age pensions within any province made by the provincial legislature of such province".

Re: Sales Tax Amendment

The present draft amendment reads as follows:

"2. Re-enact head 2 of section 92 to read as follows:

"2. The raising of revenue for provincial purposes by

(a) direct taxation within the province, and

(b) indirect taxation within the province in respect of the sale of goods (except goods sold for shipment outside the province) to a buyer for purposes of consumption or use and not for resale, at a rate not exceeding three per centum of the sale price, but not so as to discriminate between sales of goods grown, produced or manufactured within the province and sales of goods grown, produced or manufactured outside the province, and not so as to discriminate between sellers or classes of sellers of the same class of goods".

The provinces of British Columbia, Alberta, Saskatchewan, Newfoundland, Prince Edward Island and Manitoba have agreed. New Brunswick still continues its objection to the fixing of the rate at 3 per cent and still suggests 4 per cent, but says:

"If all the other provinces agree to the constitutional amendment in the form proposed by you we would feel very strongly constrained to agree thereto in the interest of cooperation and goodwill".

The Honourable Mr. Macdonald of Nova Scotia repeats the observations made earlier. They were to the following effect:

1. That it would be preferable to leave the present 92(2) as it stands and to add a new head for the new taxing power. Provided it meets with the approval of the other provincial governments, we in Ottawa would have no objection to framing

the amendment in this way and accordingly would suggest that a new head could be added under section 92 to read as follows:

"2A. The raising of revenue for provincial purposes by indirect taxation within the province in respect of the sale of goods (except goods sold for shipment outside the province) to a buyer for purposes of consumption or use and not for resale, at a rate not exceeding three per centum of the sale price, but not so as to discriminate between sales of goods grown, produced or manufactured within the provinces and sales of goods grown, produced or manufactured outside the province and not so as to discriminate between sellers or classes of sellers of the same class of goods."

2. That the exemption of goods sold for shipment outside the province should be in the discretion of the provincial legislature, on the ground that if this limitation is included no province would then be in a position to levy a tax in respect of interprovincial transactions. This has been carefully considered but we feel that the exception is necessary in order to confine the taxing power to taxation within the province.

3. That section 121 of the British North America Act might be enough to prevent discrimination against goods produced or manufactured outside the province. It may be that section 121 has this effect but we feel that it would be desirable to put the matter beyond doubt.

4. That services, combinations of services and materials and intangible things such as electricity, are not included in the section, and that there might be difficulty in dealing with products that are sold at retail and then incorporated in a manufactured product that is also sold at retail. These matters were dealt with in my letter of February 28.

The Honourable Mr. Frost of Ontario has made no comment.

The Honourable Mr. Duplessis comments that Quebec would have no objection to this sales tax amendment "provided it be made clearly more effective and more susceptible to application"; and that this could be done by conferring a power to impose an indirect sales tax in the retail sales field at the retail sales level. Perhaps I should say in this connection that in one of our original drafts we did refer to a retail sales tax, but exception was taken by one of our tax experts concerning the use of the expression "retail." The dictionary meaning of "retail" is simply to sell in small quantities, and it was not felt that this was clear enough. We then spelled out more specifically the type of sales to which we were referring, namely, a sale to a buyer for the purpose of consumption or use and not for resale. In doing this we adopted the language which was used in the Quebec Sales Tax Act. That act imposes a tax on a purchaser "at the time of making a purchase at a retail sale" but it does not rest with the dictionary meaning of the term "retail," but goes on to define "retail sale" as meaning "a sale to a purchaser or user for the purpose of consumption or use and not for resale." We still think that the Quebec language which we have adopted is the best suited for the purpose of this constitutional amendment.

In conclusion may I invite your comments upon, and I hope your agreement with

1. the latest draft of the constitutional amendment regarding old age pensions on page 3 of this letter;

2. the latest draft re provincial indirect retail sales tax on page 4 of this letter.

In these two latest drafts we have tried to incorporate the views of all provincial governments in a manner acceptable to all provincial governments.

Appendix

This letter is being sent out at the earliest possible date after I had heard from all of the provincial governments. I am asking all the provincial premiers to give these matters prior attention. The constitutional amendments which may be agreed upon will have to be secured from the parliament of the United Kingdom. There are reasons why it is desirable to secure any wise amendments upon which we may agree as soon as possible.

Yours very truly,
(Sgd.) Stuart Garson

PROVINCE OF MANITOBA
Office of the Premier
Winnipeg

April 7, 1951

The Honourable Stuart Garson, K.C.,
Minister of Justice,
Ottawa, Canada.

Dear Mr. Garson:

I attach for your consideration copy of letter dated April 6 received from Harry Dunwoody, together with copies of Votes and Proceedings Nos. 41 and 42 referred to therein. You will note that certified copies of these resolutions have been forwarded to the Secretary of State for Canada.

Kind regards.

Sincerely,
(Sgd.) Douglas Campbell

Encl.

WINNIPEG
Clerk of the Legislative Assembly

April 6, 1951

Hon. D. L. Campbell,
Premier of Manitoba,
Legislative Buildings.

Dear Sir:

Constitution of Canada, amendment of

Two resolutions were agreed to by the legislature of Manitoba:

1. On motion of Hon. Mr. Schultz, that "This house concurs in the proposal to amend the constitution of Canada to provide that the parliament of Canada may make laws in relation to old age pensions. This appears at page 3 of Votes and Proceedings No. 41, dated April 2, 1951, copy of which is enclosed.

2. On motion of Hon. Mr. Smith that "This house concurs in the proposal to amend the constitution of Canada to provide that a provincial legislature may enact legislation to impose indirect taxation. This appears at pages 4 and 5 of Votes and Proceedings No. 42, dated April 3, 1951, copy of which is enclosed.

This is to inform you that certified copies of these resolutions have been made and forwarded through the usual channels to the Secretary of State for Canada.

Yours truly,
(Sgd.) H. H. Dunwoody
Clerk, Legislative Assembly

Appendix

Enclosures.

HHD/E

Votes and Proceedings,
Legislative Assembly of Manitoba,
No. 41 dated 2nd April, 1951.
p. 3.

Hon. Mr. Schultz moved that this house:

1. Concurs in the proposal to amend the constitution of Canada to provide that the parliament of Canada may make laws in relation the old age pensions, and

2. Authorizes the honourable the president or other member of the executive council, to discuss with representatives of Canada and the provinces, the form and method by which such amendment could most appropriately be made and to express the concurrence of Manitoba in any amendment which satisfactorily achieves this purpose.

And a debate arising,

And Hon. Mr. Schultz, and Messrs. Willis, Hansford, Kardash, Gray, McDonald and Prefontaine having spoken,

And the question being put,

It was agreed to.

Votes and Proceedings,
Legislative Assembly of Manitoba,
No. 42 dated 3rd April, 1951.
PP 4-5

The house resumed the adjourned debate on the proposed motion of Hon. Mr. Smith, that this house:

1. Concurs in the proposal to amend the constitution of Canada, to provide that a provincial legislature may enact legislation to impose indirect taxation within the province with respect to retail sales at a rate not exceeding 3 per cent of the sale price, and

2. Authorizes the honourable the president or other member of the executive council, to discuss with representatives of Canada and the provinces, the form and method by which such amendment could most appropriately be made and to express concurrence of Manitoba in any amendment which in his opinion satisfactorily achieves this purpose.

And the debate continuing,

And Messrs. Willis, Anderson, McGirr, Hansford, McDowell, Hon. Mr. Campbell, Messrs. Gray, Roblin, Harrison, Clement, Kardash, Hyrhorczuk, Swailes, Solomon, Hawryluk and Hon. Mr. Smith having spoken,

And the question being put,

It was agreed to on the following division:

YEAS

Anderson	McDonald
Bardal	Miller
Bell	Mitchell
Campbell	Mooney
Chester	Morton
Christie	Robertson
Clement	Rungay
Greenlay	Schultz
Hamilton	Shuttleworth
Hillhouse	Smith
Hyrhorczuk	Solomon
Jobin	Thompson
Lucko	Trapp
MacCarthy	Turner—29.
Marcoux	

NAYS

Argue	Hansford
Bend	Harrison
Gray	Hawryluk
Kardash	Roblin
McDowell	Seens
McGirr	Shewman
Morrison	Stinson
Olive	Swailes
Renouf	Willis—18.

Premier's Office
PRINCE EDWARD ISLAND

April 9, 1951

The Honourable Stuart Garson, K.C.,
Minister of Justice,
Ottawa, Ontario.

Dear Mr. Garson,

The government of Prince Edward Island approves the redraft of the third constitutional amendment draft regarding old age pensions, set out on page 3 of your letter of April 3, as well as the latest draft re provincial indirect retail sales tax set out on page 5 of your same letter.

Yours very truly,

(Sgd.) J. Walter Jones
Premier

PROVINCE OF BRITISH COLUMBIA
Office of the Premier

Victoria, April 9, 1951

Honourable Stuart Garson,
Minister of Justice and Attorney General
of Canada,
Parliament Buildings,
Ottawa, Canada.

My dear Mr. Garson:

I have for acknowledgment your two letters of April 3, together with enclosures.

Please be advised that I have forwarded same to the Honourable G. C. Wismer, K.C., attorney-general, for his consideration.

With kindest personal regards,

Yours faithfully,

(Sgd.) Byron I. Johnson
Premier

JB

The Government of the Province
of New Brunswick

FREDERICTON
The Premier

April 10, 1951

Hon. Stuart Garson, K.C.,
Minister of Justice,
Ottawa, Canada.

Dear Mr. Garson:

I received in due course your letter of April 3 respecting the two constitutional amendments which have been under consideration relating respectively to old age pensions and a provincial sales tax.

In listing the replies received to your letter of February 28 you omitted any reference to my letter of March 12. Copy of that letter as well as my letter of March 13 was among the lot of correspondence containing the replies of the provincial

premiers to your letter of February 28 which was forwarded to me. I assume therefore that copies of both letters went to all premiers.

My purpose in writing two separate letters dealing with the two proposed amendments was indicated by me therein. For the reasons given I consider it most essential that the two matters be recognized as separate and distinct. While your letter of the third instant did not dissociate the two amendments it is our hope that the federal government regards them as two entirely separate matters and shares our view that the old age pension amendment is not contingent upon the adoption of the other.

I am prompted to emphasize this matter again after reading the correspondence with the provinces forwarded by you in which will be found passages in which the two matters are tied together.

The government of this province would welcome an assurance from you that so far as the federal government is concerned the two amendments are not inseparable; and in particular that the old age pension amendment will not stand or fall with the other.

Whether or not agreement can be reached on the sales tax amendment it seems evident early agreement can be arrived at on the pensions amendment. There can be no doubt that all provinces are one in their desire to see the new old age pension plan in operation at the earliest possible moment.

On the assumption that general agreement is arrived at with the provinces on both proposed amendments we have another suggestion to offer. It is that the matters should be dissociated when laid before parliament. In other words they should, in our view, be made the subject of two separate joint addresses.

Recognizing that opposition to the sales tax amendment has become quite vocal in some quarters and recalling the fate of a similar proposal in the Senate a few years ago we feel that a revised old age pension plan for this country should not be placed in jeopardy by being presented to parliament as part of a joint amending operation involving also the sales tax matter, which may again prove very controversial.

We hope, and urge, that some heed may be paid to this suggestion for separate treatment in the two houses of parliament.

May I now refer to the latest proposals regarding the two amendments as advanced in your letter of April 3?

For the old age pension amendment you suggest a new section in the B.N.A. Act to be numbered 95A with the caption "Old Age Pensions" and to read as follows,—

"It is hereby declared that the parliament of Canada may make laws in relation to old age pensions in Canada, but no law made by the parliament of Canada in relation to old age pensions shall affect the operation of any law in relation to old age pensions within any province made by the provincial legislature of such province."

The government of this province approves of the amendment in that form and language.

With respect to the sales tax amendment we agree with the suggestion advanced by Nova Scotia that head 2 of section 92 of the B.N.A. Act should remain untouched. Therefore the proposal made by you that any sales tax amendment be the subject matter of a new head, to be numbered 2A, meets with our approval.

From that point we do not view the proposals with the same degree of satisfaction or equanimity. In this connection I would repeat the reasons contained in my letter of March 13.

In our view the matter has become unduly involved and difficult through the insistence of the federal government on placing restrictions on the exercise by the provincial legislatures of the proposed new taxing powers.

I feel constrained to quote here one paragraph in my letter of March 13 which reads as follows:

"It is difficult to regard the attitude of the federal government on this point in any other light than a determination to dictate to the provinces their policy in taxation matters. We fail to see why it should concern the dominion whether a provincial indirect sales tax should be two per cent, three per cent or any other percentage. As a matter of principle it seems to us that if the legislatures are vested with jurisdiction in any field, large or small, they alone should determine how their powers should be exercised."

We are at a loss to understand why the federal government should take such an arbitrary stand. Why should it presume to dictate policy to the provinces? There is a principle at stake here upon which we feel the provinces should be adamant.

As further stated in my said letter this government has no practical interest in the sales tax amendment as proposed by you. To use the powers it would give, in order to replace our present consumers' tax with an indirect sales tax, would require the abandonment of all our exemptions—on food, fuel and everything else—a course which is altogether repugnant to us.

We would be very reluctant to consent to the taxation amendment as proposed. However, we will adhere to the undertaking given in my letter of March 13—"If all the other provinces agree to the constitutional amendment in the form proposed by you we would feel very strongly constrained to agree thereto in the interest of cooperation and goodwill."

Yours sincerely,

(Sgd.) John B. McNair

SASKATCHEWAN

Premier's Office

Regina, April 13, 1951

Hon. Stuart S. Garson, K.C.,
Minister of Justice,
House of Commons,
Ottawa, Ontario.

Dear Mr. Garson:

The government of Saskatchewan is of the opinion that the redraft of the third draft set out on page 3 of your letter, as indicated below, is satisfactory:

"Old Age Pensions"

"95A It is hereby declared that the parliament of Canada my make laws in relation to old age pensions in Canada, but no law made by the parliament of Canada in relation to old age pensions shall affect the operation of any law in relation to old age pensions within any province made by the provincial legislature of such province."

As to the suggestion of the premier of Quebec that the amendment should mention that it concerns old age pensions as from the age of 65 years and over, the government of Saskatchewan feels that it would not be advisable to preclude the extension of pensions to those below age 65 without a further amendment to the British North America Act.

While it is agreed that the pension that is paid to the age group 70 and over will be $40 per month without means test, and while it can be

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appreciated that it is desirable that this pension should at no time be reduced to a level which will not provide at least a minimum standard of subsistence, we are of the opinion that the amendment should be limited to matters of principle respecting the spheres of jurisdiction of the government of Canada and the governments of the provinces with regard to old age pensions.

We trust that there is now sufficient agreement on the proposed old age pensions amendment to enable the government of Canada to prepare the necessary legislation to provide pensions of $40 per month without means test to all aged 70 and over, beginning January 1, 1952, as agreed upon at the federal-provincial economic conference in December last.

Yours sincerely,

(Sgd.) T. C. Douglas

ALBERTA

Office of the Premier

Edmonton, April 16, 1951

The Honourable Stuart S. Garson, K.C.,
Minister of Justice and Attorney General of Canada,
Ottawa, Canada.

Dear Mr. Garson:

I am in receipt of your letter of the 3rd instant outlining the suggestions made by the premiers of the various provinces of Canada in relation to the proposed amendments to the British North America Act.

The legislature of this province by a unanimous resolution adopted in principle the amendments outlined in your communication, and I therefore am pleased to advise that I approve of the amendment to section 95a as outlined on page 3 of your letter and reading as follows:

"95a. It is hereby declared that the parliament of Canada may make laws in relation to old age pensions in Canada, but no law made by the parliament of Canada in relation to old age pensions shall affect the operation of any law in relation to old age pensions within any province made by the provincial legislature of such province."

I also agree with the proposed amendment to section 92 by including a new subhead 2a as set out on page 4 of your letter and reading as follows:

"2a. The raising of revenue for provincial purposes by indirect taxation within the province in respect of the sale of goods (except goods sold for shipment outside the province) to a buyer for purposes of consumption or use and not for resale, at a rate not exceeding three per centum of the sale price, but not so as to discriminate between sales of goods grown, produced or manufactured within the provinces and sales of goods grown, produced or manufactured outside the province and not so as to discriminate between sellers or classes of sellers of the same class of goods."

Yours very truly,

(Sgd.) Ernest Manning
Premier

CANADA

Office of the Minister of Justice

Ottawa, April 16, 1951

The Honourable J. B. McNair, K.C.,
Premier of New Brunswick,
Fredericton, N.B.

Dear Mr. McNair:

Thank you for your reply of April 10 to my letter of April 3, 1951.

As you correctly state my said letter omitted any reference to your letter of March 12. This was a clerical mistake that occurred only in the letter to yourself. The letters to all of the other provincial premiers contain this reference; and in all of them, including your own, there was enclosed a copy of your letter of March 12.

So far as the federal government is concerned, you are quite right in regarding the two constitutional amendments dealing with old age pensions and a provincial sales tax as being separate and distinct. The only reason why at each successive stage of my correspondence with the provincial premiers I have dealt with these two amendments in the same letter was to place before the premiers all matters under discussion in the one comprehensive letter and thereby expedite matters by decreasing the number of letters which we have to exchange. We have always taken the position, however, that the adoption of the old age pensions constitutional amendment is not contingent upon the adoption of the sales tax constitutional amendment.

Whether some provincial governments might feel that the extra revenue possibilities which would be made available to them by the passage of the sales tax amendment would affect their attitude towards the old age pensions amendment or the tax agreements, we obviously cannot say.

In line with the thought that these two constitutional amendments are separate and distinct, we are quite agreeable, if the provinces wish it that way, that these two constitutional amendments should be made the subject of two separate joint addresses to be presented to the parliament of Canada requesting respectively that these two constitutional amendments should be passed by the parliament of the United Kingdom.

With great respect I cannot agree with your complaint that the federal government is seeking to place restrictions upon the exercise by the provincial legislatures of the proposed new retail sales taxing power. The facts, I suggest, are as follows: At the conference the provincial governments asked for a constitutional amendment to enable them to occupy jointly with the dominion government a portion of the field of indirect taxation. For this privilege the provincial governments offered, and the federal government has asked for, no quid pro quo or compensation of any kind; for, as you correctly imply, the granting of this privilege of joint occupation by the provincial governments with the federal government of a part of the field of indirect taxation is not contingent upon any other matter.

By granting to the provincial governments at their request the right to use jointly with the federal government a portion of the field of indirect taxation, the federal government will automatically restrict its own exclusive use of that field. Surely then it is reasonable that the federal government in making such a grant for no consideration, may specify the limits of its grant by imposing this 3 per cent limitation. Within the limitations of the 3 per cent grant the provinces have complete liberty to use these indirect retail sales taxing powers in any way in which they see fit, except that they may not use them to discriminate between goods produced within and goods produced without a taxing province or to discriminate between sellers or classes of sellers of the same class of goods. This clause against discrimination the provinces themselves have willingly agreed to, and indeed have helped to draft.

If by merely limiting the extent to which its exclusive field may be shared, to a 3 per cent rate, the federal government is to be regarded as dictating policy to the provincial governments, it clearly would be better for the federal government not to share its exclusive field at all, and thus avoid charges or suspicion that it is dictating policy to

the provincial governments. If the sales tax amendment were not proceeded with, that fact would not necessarily disturb the old age pensions amendment or the renewal of the dominion-provincial tax agreements.

It is important that there should be a clear understanding that the federal government is not at all anxious to surrender a portion of its own field of taxation in this way. It is doing so because the provinces have made out a strong case that they need and would like to have the joint use of a portion of the indirect tax field, and because the dominion government wishes in this, as in other matters, to co-operate to the fullest extent possible with the provinces. If, however, any of the provinces, upon any grounds whatever, are opposed to the provinces having the power to impose a 3 per cent indirect sales tax, the federal government would be quite glad to retain the whole of the indirect tax field to itself since it obviously would be better off if it did so.

Yours truly,

(Sgd.) Stuart S. Garson

P.S. Since dictating the above I have received a letter from Premier Douglas of Saskatchewan enclosing a copy of his letter dated April 13, to yourself in reply to your letter of April 11 to him, in which you enclosed a copy of your letter of April 10 to me. It therefore has occurred to me that it might save time in this matter if I send to all of the provincial premiers a copy of your said letter of April 10 to me and a copy of this letter dated April 16 from me to you. This I am doing by today's mail.

Office of the Minister of Justice, Canada

Ottawa, April 16, 1951

The Hon. T. C. Douglas, M.A.,
Premier of Saskatchewan,
Legislative Building,
Regina, Sask.

Dear Mr. Douglas,—

I enclose herewith copy of my reply to the letter which Premier McNair wrote to me under date of April 10, 1951.

Yours sincerely,

(Sgd.) Stuart S. Garson

(Identical letter addressed to all Provincial Premiers with exception of Premier Douglas.)

Office of the Minister of Justice, Canada

Ottawa, April 16, 1951

The Honourable J. R. Smallwood,
Premier of Newfoundland,
Legislative Building,
St. John's, Newfoundland.

Dear Mr. Smallwood,—

Premier McNair of New Brunswick wrote me a letter under date of April 10 of which perhaps he may have sent you a copy. In any event the points which he has raised in this letter and to which I have referred in my reply of April 16 should I think be brought to the attention of all of the provincial premiers as soon as possible and I therefore enclose herewith:

(1) copy of Premier McNair's letter to me of April 10, 1951; and

(2) copy of my reply of April 16, 1951.

Yours truly,

(Sgd.) Stuart S. Garson

Appendix

NEWFOUNDLAND

Provincial Government, St. John's

April 17, 1951

The Honourable Stuart Garson, K.C.,
Minister of Justice,
Ottawa.

Dear Mr. Garson:

Thank you for your letter of the 3rd instant with further reference to constitutional amendments.

I have had our attorney general and his officials examine your latest proposals, and on their advice now agree to—

1. Your latest draft of the constitutional amendment regarding old age pensions on page 3 of your letter.

2. Your latest draft re provincial indirect retail sales tax on page 4 of your letter.

Yours faithfully,

(Sgd.) J. R. Smallwood

Premier of Newfoundland

(Translation):

PROVINCE OF QUEBEC

Prime Minister's Office

Quebec, April 18, 1951

Honourable Stuart Garson, K.C., P.C.,
Minister of Justice,
Ottawa.

Dear Mr. Garson:

On April 9th last, I received your letter dated April 3rd, in reply to mine of March 11th, in connection with old age pensions and with the proposed amendment concerning an indirect provincial tax. Thank you for sending me the copies of the letters you mention and which my colleagues and I have read and considered with the greatest interest.

This morning, at the meeting of the council of ministers, we have again considered these important problems.

This afternoon, I received your letter dated April 16, together with copies of the letter dated April 10 which you received from Hon. Mr. McNair and of your reply of April 16. I am much obliged to you for this courtesy.

On several occasions, among others during the federal-provincial conference held in Ottawa last December, and in my letter to you of March 11 last, we have clearly stated the attitude of the province of Quebec.

We are still in favour of an old age pensions system, which would be fair and appropriate and would apply from 65 years of age and over. We believe such a system should be established as soon as possible.

In our opinion, it would seem appropriate and even necessary to consider as two separate matters the problem concerning old age pensions and the problem concerning the new tax which is proposed. I am happy to hear, from your letter which I have received this afternoon, that the federal authorities are willing to dissociate these two problems and to consider them separately. I wish to thank the federal authorities for I am convinced that, in the circumstances, such a step is imperative.

We consider that the proposed indirect provincial sales tax does not meet the situation and

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would complicate rather than assist in the settlement of the important problem of old age pensions. Such a result should be avoided.

Serious doubts exist as to the timeliness of this new tax and we feel that clearness and precision are always desirable in constitutional matters.

We still favour the establishment of an old age pension for persons 65 years of age and over, and we are willing to accept a clear and precise constitutional amendment giving the federal government a power it does not possess presently, that is to make laws in this matter, without however infringing upon provincial rights.

The latest amendment suggested by you reads as follows:

"Old Age Pensions

95A It is hereby declared that the parliament of Canada may make laws in relation to old age pensions in Canada, but no law made by the parliament of Canada in relation to old age pensions shall affect the operation of any law in relation to old age pensions within any province made by the provincial legislature of such province."

As I mentioned in my letter to you dated March 11 last, we would prefer that the age be mentioned in the amendment, but if this condition tends to delay the coming into force of old age pensions for persons aged 65 years and over, we will not press the point. However, we deem it necessary and fair to indicate fully that the new rights granted the federal government in this matter of old age pensions must in no way diminish provincial rights.

Consequently, to our mind, an essential amendment is called for. The words " . . . made by the provincial legislature of such province" refer to the past and the present but they take no account of the future. The wording should be: " . . . made or to be made by the provincial legislature of such province".

Furthermore, do you not think it would be fair and appropriate that the address voted by the federal parliament to be forwarded to the parliament at Westminster should be drafted both in French and in English to mark fully, once more, the bilingual character of our nation? This wish seems to us a legitimate one.

With kindest regards, I beg to remain,

Yours truly,

(Sgd.) M. L. Duplessis

(Text):

Office of the Premier
PROVINCE OF BRITISH COLUMBIA

Victoria, April 19, 1951

Hon. Stuart Garson, K.C.,
Minister of Justice and Attorney
General of Canada,
Parliament Buildings,
Ottawa, Ontario.

Dear Mr. Garson:

I have for acknowledgment your letter of April 16 and wish to thank you for sending for my attention a copy of a letter received from Premier McNair, and a copy of your reply thereto.

With kind regards.

Yours faithfully,

(Sgd.) Byron I. Johnson
Premier

Attorney-General
PROVINCE OF BRITISH COLUMBIA

Victoria, April 19, 1951

Honourable Stuart Garson, K.C.,
Minister of Justice,
Ottawa, Ontario.

Dear Mr. Garson:

The premier just handed me a copy of a letter from Premier McNair to yourself dated April 11, in regard to the proposed amendments to the B.N.A. Act, covering old age pensions and provincial sales tax.

We, of course, have passed resolutions in the legislative assembly favouring both these amendments and you no doubt will be advised in due course by the provincial secretary as to the contents of the resolutions.

We dealt with the two matters separately and while there was no opposition to the resolution regarding old age pensions, there was some opposition to the proposal involving indirect taxation power.

It seems to me that the two matters are in no way connected. The provinces need not resort to an indirect sales tax in order to secure funds to pay their share of the proposed pension payable to needy persons between 65 and 69 years of age.

I think there is little doubt of the legality of our tax on the consumer under our sales tax legislation. Certainly there is no doubt of such legality in relation to the tax in its impact on sales at the retail levels over the counter.

Our tax, of course, is wider and applies to heavy machinery purchased by industry, but it is clear on the authorities that a tax on the consumer such as we collect on gasoline and now under the social security and municipal aid tax is within the jurisdiction of a province. Therefore the provinces could, if they saw fit, and require further revenue to meet their share of the pension, introduce similar legislation.

I therefore agree that if there is any doubt whatever that the House of Commons or the Senate might refuse to approve the indirect tax, the two matters should be kept separate.

I do not, however, agree with the argument of Mr. McNair that the power to levy an indirect tax should be without the limitation that it was not to be more than 3 per cent. I would not think that the national government would be agreeable to grant such a power of taxation without limit because it seems obvious to me that a provincial government could, if so minded, upset the whole economy of Canada if there was an unlimited power of taxation in this respect.

Yours very truly,

(Sgd.) G. C. Wismer
Attorney-General

NOVA SCOTIA
The Premier

Halifax, April 21, 1951

Hon. Stuart S. Garson, P.C., KC.,
Minister of Justice and Attorney
General of Canada,
Ottawa, Canada.

Dear Mr. Garson:

Thank you for your letter of the 3rd April with which you enclosed copies of replies received from the premiers of the provinces to your letter of the 28th February, last, with reference to the

proposed amendments to the British North America Act respecting old age pensions and sales tax.

While I certainly have no desire to prolong unduly discussion of the forms which the amendments should take, I believe that the considerations which prompted the suggestions accompanying my letter to you of the 19th January last, are such as to merit some further consideration.

Old Age Pensions

You are correct in your conclusion that Nova Scotia is willing to accept either the second or third draft of the old age pensions amendment subject to the "but" clause. Having reference to your comments I would suggest that it is not competent to parliament to oust the jurisdiction of a province where that jurisdiction is granted by the British North America Act. Furthermore, I suggest that legislation passed at Ottawa has no supremacy by reason merely of the fact that it is federal legislation. Conflict normally arises between an exercise of federal powers under section 91 and an exercise of provincial powers under section 92 and in such cases, having in mind the express words of the initial and concluding paragraphs of section 91, federal legislation prevails. It does so, however, only because section 91 expressly provides that it shall. I think that section 95 provides the only instance in the British North America Act of concurrent powers and the express words of the concluding clause of that section were necessary to provide for the supremacy of federal legislation in case of repugnancy. Such supremacy might also be inferred from the use of such a phrase as "notwithstanding anything in this act" as used in the original draft of the amendment, or as used in section 101. In the absence of any such words I suggest that there would be no federal supremacy and for this reason we have suggested that the "but" clause be eliminated altogether.

If, notwithstanding what I have said, it is considered that concurrent powers are not assured without an additional clause, I still feel that because of the nature of our old age pensions legislation, both provincial and federal, "the operation" of provincial legislation is necessarily "affected" by changes in federal legislation. I say this because the legislation contemplates agreements between the dominion and a province the terms of which necessarily vary with changes in legislation. For this reason my suggestion was that the clause should be "but no law made by the parliament of Canada in relation to old age pensions shall detract from the legislative competence of a provincial legislature in relation to old age pensions."

Nova Scotia is in complete agreement with the suggestion that this amendment should take the form of a new section 95A and that that section should be preceded by a heading "Old Age Pensions."

Nova Scotia is also in agreement with the suggestion that the words "from time to time" should either be deleted from the third draft or inserted at the appropriate point in the second draft.

With respect to the suggestions made by the premier of Quebec referred to in your letter as suggestions numbers 3 and 4, we think that it is perhaps unusual to frame a constitutional amendment in this way. We therefore feel that while we would not recommend the proposal, we would not on the other hand offer any opposition to it if the general view is favourable.

Appendix

Sales Tax

With respect to the indirect taxation amendment, Nova Scotia feels very strongly that the exemption of goods sold for shipment outside a province would offer wide scope for evasion. We do not feel that this exemption is necessary in order to confine the taxing power to taxation within a province, as that confinement follows from the normal territorial limits of the province's jurisdiction.

We feel that the use of the words "sale of goods" is likely to create considerable confusion and that, strictly construed, that phrase may limit unnecessarily provincial taxing power. We have no objection to the clauses aimed at the prevention of discrimination and we suggest that the form proposed by Nova Scotia, as set out in the comments accompanying my letter of the 19th January, last, would overcome the difficulties I have outlined and at the same time would confine provincial taxation power within reasonable limits.

Yours very truly,

(Sgd.) Angus L. Macdonald

The Government of the
Province of New Brunswick

FREDERICTON

The Premier

April 24, 1951

Hon. Stuart Garson, K.C.,
Minister of Justice,
Ottawa, Canada.

Dear Mr. Garson:

I wish to acknowledge the receipt of your letter of April 16 instant respecting the two constitutional amendments that have been under discussion.

I appreciate and welcome your assurance that the federal government does not regard the adoption of the old age pensions constitutional amendment as contingent in any way upon the adoption of the sales tax amendment; and that it is quite agreeable that these two proposed constitutional amendments should be made the subject of two separate and distinct joint addresses to be presented to the parliament of Canada.

It was understood at the federal-provincial conference of December last that the old age pension constitutional amendment would be sought at Westminster in ample time to permit the Canadian parliament at its 1951 session to enact the necessary legislation to implement the pension programme proposed by the federal government to the conference to the end that the new pension plans would be in operation by January 1, 1952.

It is hoped that there will be no further delay in obtaining agreement with the provinces on the language and substance of the pension amendment and that the appropriate joint address will shortly be presented to the two houses of parliament for approval.

I have carefully read your observations regarding the proposed sales tax amendment. With all respect I suggest that you have quite ignored the real points at issue.

You state that "at the conference the provincial governments asked for a constitutional amendment to enable them to occupy jointly with the dominion government a portion of the field of indirect taxation."

On a strained legalistic interpretation of the matter your statement might possibly be upheld. From a realistic and practical viewpoint it does not interpret the situation at all.

Appendix

Under their powers of direct taxation given by the B.N.A. Act the provinces can impose taxes on retail transactions involving a sale of goods. Every province in Canada is exercising that jurisdiction through a gasoline tax. Five provinces are exercising the jurisdiction through general taxes variously known as a purchaser's tax or consumer's tax.

Every retail transaction involving the sale of goods has two aspects to it. On one side it is a sale, on the other side a purchase. Because of the limitations imposed by the B.N.A. Act the provinces have to impose their tax in relation to the purchase side of the transaction, in short as a purchaser or consumer tax.

This has been thought to be a bothersome method of collecting such a levy. In consequence the dominion government was asked last December to agree to put the provinces in a position under the constitution whereby their taxation on retail transactions could be collected on the other aspect—the sales side of the transaction. Because this might give the tax the complexion of indirect taxation the amendment was proposed.

So when one analyses the situation it must, I submit, be evident that the provinces are asking from the dominion government nothing more than a courtesy.

In your letter you stated that the federal government has asked for no quid pro quo or compensation of any kind for agreeing to the proposed amendment. Why should it ask or think of asking to be paid for something that amounts to nothing more than a gesture of co-operation and goodwill?

I regret exceedingly the stand that has been taken by the dominion government. These are days when federal-provincial co-operation should be held precious. I doubt however if it can be made to operate effectively over a one way street.

As stated before we will consent to any tax amendment of the nature proposed that the other provinces agree to even although it is quite devoid of interest for us.

Yours sincerely,

(Sgd.) John B. McNair

JBM/H

SASKATCHEWAN

Premier's Office

Regina, April 25, 1951

Hon. Stuart Garson, K.C., M.P.,
Minister of Justice and
Attorney General of Canada,
House of Commons,
Ottawa, Ontario.

Dear Mr. Garson:

My colleagues and I have given careful consideration to the latest redraft of the sales tax amendment as set out on page 4 of your letter of April 3, 1951, as follows:

"2A. The raising of revenue for provincial purposes by indirect taxation within the province in respect of the sale of goods (except goods sold for shipment outside the province) to a buyer for purposes of consumption or use and not for resale, at a rate not exceeding three per centum of the sale price, but not so as to discriminate between sales of goods grown, produced or manufactured within the provinces, and sales of goods grown, produced or manufactured outside the province and not so as to discriminate between sellers or classes of sellers of the same class of goods."

It would appear that the word "provinces" in the tenth line of the redrafted amendment should read "province."

The government of Saskatchewan is prepared to accept the proposed amendment, framed as 2A of section 92 of the British North America Act, as satisfactory.

Our observations on comments that have been made by other provincial governments, as well as yourself, as set out below, are offered as our contribution to the solution of some of the differences which apparently prevent agreement by some provinces.

We are of the opinion that the sales tax amendment, as detailed above, will permit this province to replace its present three per cent direct sales tax with an indirect tax which will provide similar revenue. It can be appreciated, however, that it might not be desirable to limit this indirect tax since it might become necessary in the future, as it is at the present time in the province of New Brunswick, to raise revenue by the imposition of a sales tax at a rate exceeding three per cent. Rising costs of government at the provincial level may compel provinces to seek additional revenue through increasing the indirect sales tax rate in much the same manner as the government of Canada chose to do recently to obtain additional indirect sales tax revenue by increasing the federal sales tax. Under such circumstances, increasing the indirect sales tax rate would be preferable and would avoid undesirable tax duplication by the imposition of a direct sales tax as well as an indirect tax.

We concur in the general principle that the power to levy indirect sales taxes by provincial governments ought to be confined to taxation within the province. Hence, we are prepared to accept the phrase "except goods sold for shipment outside the province" as part of the proposed amendment.

It is suggested, however, that this restriction on the power of the provinces to levy an indirect tax on goods sold for shipment outside the province could be improved by inserting the words "by the seller" immediately after the word "shipment" in the exception appearing in parentheses. Such a change would eliminate any argument which might arise by making it clear that the shipment of goods, to be excluded from the tax, must be by the seller in order to come within the exclusion, as otherwise the buyer might contend that he is making a purchase for shipment outside the province, and it would be difficult to check such statements of intention.

With reference to the principle contained in the exemption, it is clear that there would result a discrimination in favour of businesses such as mail order concerns, which ship goods sold at retail to customers outside the province since such goods would be wholly exempt from taxation by any province.

We recognize, therefore, that there is some advantage in having the exemptions on goods sold for shipment outside the province in the discretion of the provincial legislatures, as advocated by the government of Nova Scotia. On the other hand, it might be desirable to permit the province to levy an indirect tax on mail order businesses located in another province which sell goods at retail to persons normally resident in the province. This could be accomplished by the addition of either one of the following provisos to the redraft of the proposed amendment:

"Provided that a tax may be levied on a person outside the province with respect to a sale of goods to a buyer for purposes of consumption or use within the province, and such tax may be recovered

as a debt in the courts of the province where the vendor ordinarily resides."

or

"Provided that the tax may be levied on a person outside the province with respect to a sale to a person ordinarily resident within the province for consumption or use within the province or for shipment to such person within the province and such tax may be recovered as a debt in the courts of the province where such person is ordinarily resident."

It is suggested that such a proviso would meet the problem raised by the government of the province of Nova Scotia.

Summary:

(1) The government of Saskatchewan is prepared to accept the redrafted sales tax amendment as set out on page 4 of your letter of April 3, 1951.

(2) The framing of the amendment as 2A under section 92 of the British North America Act meets with our approval.

(3) The government of Saskatchewan is of the opinion that a sales tax limited to a rate not exceeding three per cent would be satisfactory for a tax that might replace the present Saskatchewan education and hospitalization tax, but we would be prepared to agree to an increase in or the elimination of the limit in the amendment.

(4) The addition of the words "by the seller" after the word "shipment" in the exception appearing in parentheses is suggested as an improvement to the amendment.

(5) The addition of a proviso as set out above providing for taxation of persons outside the province is suggested as a technique which might resolve some of the difficulties that have prevented some provinces from accepting your proposals.

The government of Saskatchewan has always viewed the proposed sales tax amendment as quite separate and distinct from the proposed amendment respecting old age pensions. We would urge that these amendments should be treated individually and that they should be made the subject of separate joint addresses of the Senate and House of Commons to His Majesty requesting respectively that these two constitutional amendments be passed by the parliament of the United Kingdom. We would also urge that any difference of opinion that might delay general agreement on the proposed sales tax amendment should neither interfere with the amendment to the British North America Act respecting old age pensions nor prevent the implementation of the old age pension program beginning January 1, 1952.

Yours sincerely,

(Sgd.) T. C. Douglas

PROVINCE OF MANITOBA
Office of the Premier
Winnipeg

April 26, 1951

The Honourable Stuart Garson, K.C.,
Minister of Justice,
Ottawa, Canada.

Dear Mr. Garson:

This will acknowledge your letter of April 3 in connection with the two proposed constitutional amendments respecting old age pensions and retail sales taxes.

Your letter discusses at some length the comments made by the different provinces upon the various drafts which have been submitted, but for purposes of this letter it does not seem necessary to comment upon each of the points you have raised.

In my letter to you dated April 7 I forwarded to you a copy of the two resolutions passed by the Manitoba legislature in connection with the proposed constitutional amendments. By these resolutions the legislature approved the principle of the two amendments and authorized a member of the Manitoba government to negotiate with the federal government as to the most appropriate form.

In accordance with those resolutions, I hereby notify you that we are prepared to concur in the two proposed amendments as submitted in your letter of April 3. These are:

(1) The proposed amendment with respect to old age pensions as contained on page three of your letter which reads as follows,—

"95A. It is hereby declared that the parliament of Canada may make laws in relation to old age pensions in Canada, but no law made by the parliament of Canada in relation to old age pensions shall affect the operation of any law in relation to old age pensions within any province made by the provincial legislature of such province."

(2) The proposed amendment with respect to a provincial sales tax, as suggested on pages 4 and 5 of your letter, which would add a new head under section 92 reading as follows,—

"2A. The raising of revenue for provincial purposes by indirect taxation within the province in respect of the sale of goods (except goods sold for shipment outside the province) to a buyer for purposes of consumption or use and not for resale, at a rate not exceeding three per centum of the sale price, but not so as to discriminate between sales of goods grown, produced or manufactured within the provinces and sales of goods grown, produced or manufactured outside the province and not so as to discriminate between sellers or classes of sellers of the same class of goods"

In our opinion these new wordings are consistent with those which we approved in the telegram sent to you by our attorney-general, the Honourable C. Rhodes Smith, on April 2. We are therefore prepared to concur in the wordings approved in our telegram or the wordings quoted above.

Yours very truly,

(Sgd.) Douglas Campbell

CANADA
Office of the Minister of Justice

Ottawa, Canada,
May 1, 1951

Special Delivery
Airmail

The Honourable A. L. Macdonald, P.C., K.C., L.L.D.,
Premier of Nova Scotia,
Legislative Building,
Halifax, N.S.

Dear Premier Macdonald:

This will confirm my telephone call to you tonight in which I stated that I had secured the approval of Premier Duplessis to the wording of the proposed amendment to the British North America Act to empower the parliament of Canada to make laws in relation to old age pensions in Canada. The wording so approved is as follows:

"Old Age Pensions

94A. It is hereby declared that the parliament of Canada may from time to time make laws in relation to old age pensions in Canada but no law made by the parliament of Canada in relation to

Appendix

old age pensions affect the operation of any law present or future of a provincial legislature in relation to old age pensions."

Following my telephone interviews with the Honourable Mr. Duplessis I put in calls for the other provincial premiers and was able to reach all of them, culminating with the call that was put through to you late this evening after you had returned from your meeting. Each of the other provincial premiers has agreed that this wording is satisfactory to him and his government, with the exception of Premier Campbell of Manitoba who is not in Winnipeg but whose attorney general, the Honourable C. Rhodes Smith, agreed on behalf of the government of Manitoba.

If it is possible for you to concur with this wording I would appreciate very much your wiring me to this effect at your earliest convenience so that we may communicate with all of the provincial premiers confirming this arrangement and can then proceed with the preparation and presentation to the House of Commons of the necessary joint address.

Yours very truly,

(Sgd.) Stuart S. Garson

CANADIAN NATIONAL TELEGRAPHS

MOA 076 41/39 Halifax, N.S. 4 1004A

Hon. Stuart Garson,
Minister of Justice, Ottawa.

Re letter May 1 on draft of old age pensions amendment. While we adhere to views expressed earlier as to draftsmanship we are nevertheless prepared to accept amendment in the form suggested in your letter of May 1.

Angus L. Macdonald

CANADIAN NATIONAL TELEGRAPHS

Ottawa, May 4, 1951

The Hon. J. B. McNair, K.C., M.L.A.,
Premier of New Brunswick,
Legislative Bldg.,
Fredericton, N.B.

Having just received this morning the last concurrence from a provincial government to reach me that the wording of the new section 94A to be added to the British North America Act to empower the federal parliament to make laws in relation to old age pensions in Canada should be as follows:

"Old Age Pensions

94A It is hereby declared that the parliament of Canada may from time to time make laws in relation to old age pensions in Canada but no law made by the parliament of Canada in relation to old age pensions shall affect the operation of any law present or future of a provincial legislature in relation to old age pensions".

I now hasten to confirm the tentative agreement upon this wording which I finally reached with you in our telephone conversation of May first last. Now that we have secured the concurrence of all the provincial premiers to this wording we are proceeding without delay with the introduction in the House of Commons of a joint address to be approved by that body and the Senate of Canada requesting the parliament at Westminster to amend the British North America Act by adding to it a new section 94A in the terms above noted. For the purpose of the record might I ask you at your earliest possible convenience to send me a telegram confirming your approval of the wording of this constitutional amendment.

Stuart Garson

Identical telegram to be sent to:
The Hon. J. W. Jones, M.A., B.Sc.A.
Premier of Prince Edward Island,
Charlottetown, P.E.I.

The Hon. J. R. Smallwood,
Premier of Newfoundland,
St. John's, Newfoundland.

The Hon. E. C. Manning,
Premier of Alberta,
Edmonton, Alberta.

The Hon. T. C. Douglas, M.A.
Premier of Saskatchewan,
Regina, Saskatchewan.

The Hon. B. I. Johnson, M.B.E.,
Premier of British Columbia,
Victoria, B.C.

CANADIAN NATIONAL TELEGRAPHS

Ottawa, May 4, 1951

The Hon. D. L. Campbell,
Premier of Manitoba,
Legislative Building,
Winnipeg, Manitoba.

Having just received this morning the last concurrence from a provincial government to reach me that the wording of the new section 94A to be added to the British North America Act to empower the federal parliament to make laws in relation to old age pensions in Canada should be as follows:

"Old Age Pensions

94A It is hereby declared that the parliament of Canada may from time to time make laws in relation to old age pensions in Canada but no law made by the parliament of Canada in relation to old age pensions shall affect the operation of any law present or future of a provincial legislature in relation to old age pensions."

I now hasten to confirm the tentative agreement upon this wording which in your absence I finally reached with your attorney general in my telephone conversation with him of May first last. Now that we have secured the concurrence of the provincial premiers to this wording we are proceeding without delay with the introduction in the House of Commons of a joint address to be approved by that body and the Senate of Canada requesting the parliament at Westminster to amend the British North America Act by adding to it a new section 94A in the terms above noted. For the purpose of the record might I ask you at your earliest convenience to send me a telegram confirming your approval of the wording of this constitutional amendment.

Stuart Garson

CANADIAN NATIONAL TELEGRAPHS

Ottawa, May 4, 1951

The Hon. Maurice Duplessis, K.C.,
Premier of Quebec,
Legislative Bldg.

Having received this morning the last concurrence of a provincial government to reach me that the wording of the new section 94A to be added to the British North America Act to

empower the federal parliament to make laws in relation to old age pensions in Canada should be as follows:

"Old Age Pensions

94A. It is hereby declared that the parliament of Canada may from time to time make laws in relation to old age pensions in Canada but no law made by the parliament of Canada in relation to old age pensions shall affect the operation of any law present or future of a provincial legislature in relation to old age pensions."

I now hasten to confirm the tentative agreement upon this wording which I reached with you in our telephone conversation of May 1 last. Now that we have secured the concurrence of all the provincial premiers to this wording we are proceeding without delay with the introduction in the House of Commons of a joint address to be approved by that body and the Senate of Canada requesting the parliament at Westminster to amend the British North America Act by adding to it a new section 94A in the terms above noted. For the purpose of the record might I ask you at your earliest possible convenience to send me a telegram confirming your approval of the wording of this constitutional amendment.

Stuart S. Garson

CANADIAN NATIONAL TELEGRAPHS

Ottawa, May 4, 1951

The Hon. Angus L. Macdonald, P.C., K.C., LL.D.,
Premier of Nova Scotia,
Legislative Building,
Halifax, N.S.

Thank you for your wire of this morning confirming your approval of the wording of the new section 94A to be added to the British North America Act to empower the federal parliament to make laws in relation to old age pensions in Canada to be as follows:

"Old Age Pensions

94A. It is hereby declared that the parliament of Canada may from time to time make laws in relation to old age pensions in Canada but no law made by the parliament of Canada in relation to old age pensions shall affect the operation of any law present or future of a provincial legislature in relation to old age pensions."

Appendix

Now that we have secured the concurrence of all the provincial premiers to this wording we are proceeding without delay with the introduction in the House of Commons of a joint address to be approved by that body and the Senate of Canada requesting the parliament at Westminster to amend the British North America Act by adding to it a new section 94A in the terms above noted.

Stuart S. Garson

CANADIAN NATIONAL TELEGRAPHS

Ottawa, May 4, 1951

The Hon. L. M. Frost, K.C.,
Premier of Ontario,
Parliament Bldg.,
Toronto, Ont.

Having received this morning the last concurrence of a provincial government to reach me that the wording of the new section 94A to be added to the British North America Act to empower the federal parliament to make laws in relation to old age pensions in Canada should be as follows:

"Old Age Pensions

94A. It is hereby declared that the parliament of Canada may from time to time make laws in relation to old age pensions in Canada but no law made by the parliament of Canada in relation to old age pensions shall affect the operation of any law present or future of a provincial legislature in relation to old age pensions."

I now hasten to confirm the tentative oral agreement upon this wording which I reached with you in my office on May 1 last. Now that we have secured the concurrence of all the provincial premiers to this wording we are proceeding without delay with the introduction in the House of Commons of a joint address to be approved by that body and the Senate of Canada requesting the parliament at Westminster to amend the British North America Act by adding to it a new section 94A in the terms above noted. For the purpose of the record might I ask you at your earliest possible convenience to send me a telegram confirming your approval of the wording of this constitutional amendment.

Stuart S. Garson

80709—175

EXPORTS FROM CANADA TO CHINA, INCLUDING FORMOSA, DURING THE MONTHS FROM JULY 1950, TO MARCH 1951, INCLUSIVE.

Item	July 1950	August 1950	September 1950	October 1950	November 1950	December 1950	January 1951	February 1951	March 1951
	$	$	$	$	$	$	$	$	$
Oatmeal and rolled oats					3,188				6,325
Flour of wheat	5,692			12,006	64,919		4,836		
Vegetable food products, n.o.p.				8,810			8,810		
Passenger automobile tire casings							1,649		
Casings, truck, busses, etc	22,065						1,439		6,661
Inner tubes, automobile, passenger							150		
Inner tubes, motor vehicles, other	2,435						92		201
Herring, sea, dry salted						92,305			4,480
Whole milk powder	45,836	47,681	38,230						
Cotton fabrics, coated			3,900						
Cotton, manufactures of, n.o.p.			574						
Wood pulp, sulphate, unbleached	27,639		25,571						
Newsprint paper			11,225						
Books					10			15	14
Printed matter, n.o.p.			24						
Pipe and tubing, wrought iron	990								
Pipe and tubing, galvanized iron	4,168								
Aluminum, semi-fabricated		20,102	23,657						
Aluminum foil		3,956							
Aluminum, manufactures of, n.o.p.		1,173							
Brass, bars, rods, etc			37,801						
Copper tubing	5,676								
Copper wire and cable, insulated			4,284						
Nickel, fine		5,007							
Radio and wireless apparatus		981							
Wire screen, other, n.o.p.					393				
Asbestos milled fibres				4,620					
Asbestos brake linings							302		
Medicinal and proprietary preparations		300							
Nitrogen fertilizer					9,756				
Drugs and chemicals, n.o.p.	3,333		6,059		3,952				
Philosophical and scientific apparatus, n.o.p.		1,925	26						
Aircraft parts				862					
Gifts and donations					125	100			50
Totals	117,852	81,125	150,351	26,298	82,343	92,405	17,278	15	17,731

Questions

DEPARTMENT OF MINES AND TECHNICAL SURVEYS —PROFESSIONAL AND SPECIAL SERVICES

Mr. Fulton:

1. What was the total paid by the Department of Mines and Technical Surveys for professional and special services in the fiscal year 1950-51?

2. What person, persons, firms or companies received payments of $25,000 or more under this heading in the said year, what was the actual amount of each payment, and for what service was the payment made in each case?

Mr. Prudham:

1. $2,742.15.

2. None.

TRADE WITH RUSSIA AND SATELLITE COUNTRIES

Mr. Diefenbaker:

1. What was the value of (a) exports; (b) imports, in each of the months of February and March, 1951, to and from (i) Yugoslavia; (ii) Poland; (iii) Czechoslovakia; (iv) Bulgaria; (v) Soviet Russia?

2. What was the nature of such exports to each of said countries?

Mr. McIlraith:

1. (a) Exports—

	February 1951	March 1951
Yugoslavia	$ 50,865	$154,403
Poland	28,961	1,934
Czechoslovakia	22,050	7,128
Bulgaria	7,028	68
Soviet Russia	1,123	—
(b) Imports—		
Yugoslavia	28,065	*
Poland	180,371	*
Czechoslovakia	623,295	*
Bulgaria	—	*
Soviet Russia	388	*

*Not yet available.

2.— Yugoslavia	February 1951	March 1951
Flour of wheat	$ 20,597	$ 10,988
Macaroni, vermicelli, etc.	—	24
Whisky	—	38
Wines	12	—
Rubber hose	275	—
Wireless apparatus	6,176	—
Ignition apparatus	814	—
Aircraft parts	7,252	10,118
Donations and gifts	15,739	133,235
Totals	$ 50,865	$154,403
Poland		
Hair and bristles	574	—
Wool rags	7,835	—
Donations and gifts	20,552	1,934
Totals	$ 28,961	$ 1,934
Czechoslovakia		
Books	130	—
Needles	1,196	—
Chemicals	4,598	6,400
Donations and gifts	16,126	728
Totals	$ 22,050	$ 7,128
Bulgaria		
Donations and gifts	$ 7,028	$ 68
Soviet Russia		
Donations and gifts	$ 1,123	$ —

CANADIAN EMBASSIES IN EUROPE— DECORATING, ETC.

Mr. Diefenbaker:

1. Has anyone been engaged or retained by the Department of External Affairs since January 1, 1948, to visit Canadian embassies in Europe to give an opinion on the need for redecoration, extra furnishings, etc., for such embassies?

2. If so, who, and what amount has been paid for expenses of such persons to date?

3. Has such person a travelling secretary? If so, what is the name of the secretary?

4. Has such person any authority to purchase furnishings for interior decorating in Europe or elsewhere?

Mr. Lesage:

1. Yes.

2. Mrs. Arnold C. Matthews, 50 Lowther avenue, Toronto. No fee or salary was paid; reimbursement was made for travelling expenses in the amount of $2,079.58.

3. No.

4. No.

HEALTH AND WELFARE—MOBILE LABORATORY

Mr. Benidickson:

1. What activities have been undertaken by the new mobile laboratory of the Department of National Health and Welfare?

2. What future activities are planned for this laboratory?

Mr. Martin:

1. The newly acquired mobile unit of the laboratory of hygiene is conducting a comprehensive bacteriological survey of sanitary conditions in the dairy industry and in restaurants in Prince Edward Island. This investigation is being conducted at the request of and in close co-operation with the provincial department of Health and welfare. The purpose of this investigation is to aid in the establishment by the provincial authorities of practical standards for the control of sanitation in dairies and restaurants.

2. A study of hospital sanitation in Prince Edward Island will follow the completion of the survey mentioned above.

From June to October the mobile laboratory will conduct bacteriological surveys in shellfish producing areas in Prince Edward Island, Nova Scotia and New Brunswick, to determine which areas are safe for the taking of shellfish for human consumption.

Other sanitation studies are also being planned.

The mobile laboratory will be available throughout the entire year to assist provincial departments of health in the investigation of public health problems of immediate concern.

QUESTIONS PASSED AS ORDERS FOR RETURNS

LEGAL SERVICES—PAYMENTS IN EXCESS OF $5,000

Mr. Diefenbaker:

What lawyers who have performed legal services or have been retained as solicitors in any department of the government have each received more than five thousand dollars in fees since January 1, 1947, and what is the amount that has been paid to each of them?

DEPARTMENT OF NATIONAL DEFENCE—PROFESSIONAL AND SPECIAL SERVICES

Mr. Fulton:

1. What was the total paid by the Department of National Defence for professional and special services in the fiscal year 1950-51?

2. What person, persons, firms or companies received payments of $25,000 or more under this heading in the said year, what was the actual amount of each payment, and for what service was the payment made in each case?

CHARLOTTETOWN PUBLIC BUILDING

Mr. McLure:

1. Has the purchase of all properties for the site of the dominion building at Charlottetown been completed?

2. If so, what is the street number of each property, the name of the owner from whom purchased, and the price agreed on or paid in each instance?

3. Are these properties rented at the present time?

4. If so, what rent is received from same?

5. Who collects the rents?

6. How much rent has been collected to date?

7. What is the cost of rent collections?

8. Will the new building be constructed this year?

MOTIONS FOR PAPERS

VERMILION, ALTA., POST OFFICE BUILDING

Mr. Fair:

For a copy of all correspondence, telegrams and other documents exchanged between the Post Office Department, the Department of Public Works or any minister of the government and any person, persons or organizations, since January 1, 1949, relating to the erection of a post office building at Vermilion, Alberta.

ARMED FORCES, WAINWRIGHT, ALTA.—HOUSING

Mr. Fair:

For a copy of all correspondence, telegrams and other documents exchanged between the Department of National Defence or any other department of government and any person, persons or organizations since January 1, 1949, relating to the construction of housing accommodation in or adjacent to the town of Wainwright for the accommodation of certain personnel of the forces and their families.

OLD AGE PENSIONS

AMENDMENT TO BRITISH NORTH AMERICA ACT—ADDRESS TO HIS MAJESTY THE KING

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

That a humble address be presented to His Majesty the King in the following words:
To the King's Most Excellent Majesty:
Most Gracious Sovereign:

We, Your Majesty's most dutiful and loyal subjects, the Commons of Canada in parliament assembled, humbly approach Your Majesty, praying that you may graciously be pleased to cause a measure to be laid before the parliament of the United Kingdom to be expressed as follows:

An act to amend the British North America Act, 1867.

Whereas the Senate and Commons of Canada in parliament assembled have submitted an address to His Majesty praying that His Majesty may graciously be pleased to cause a measure to be laid before the parliament of the United Kingdom for the enactment of the provisions hereinafter set forth:

Be it therefore enacted by the King's Most Excellent Majesty, by and with the advice and consent of the Lords Spiritual and Temporal, and Commons, in this present parliament assembled, and by the authority of the same as follows:

1. The British North America Act, 1867, is amended by adding thereto, immediately after section ninety-four thereof, the following heading and section:

"Old Age Pensions

94A. It is hereby declared that the parliament of Canada may from time to time make laws in relation to old age pensions in Canada, but no law made by the parliament of Canada in relation to old age pensions shall affect the operation of any law, present or future, of a provincial legislature in relation to old age pensions."

2. This act may be cited as the British North America Act, 1951, and the British North America Acts, 1867 to 1949, and this act may be cited together as the British North America Acts, 1867 to 1951.

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

Mr. Knowles: Carried.

Some hon. Members: Carried.

Mr. Geroge A. Drew (Leader of the Opposition): Mr. Speaker, I am sure every hon. member will welcome the announcement that there has been unanimous agreement on the form of the submission to Westminster. Ordinarily the subject matter of this motion would call for some discussion, even though there might be no difference of

opinion as to the wording of the address itself. Knowing, however, that addresses of this kind are dealt with promptly in London, and particularly as in this instance, where there is complete agreement between the federal government and all the provincial governments, and recognizing that there are certain reasons why this address should be available for consideration in London as soon as possible, I think it would be appropriate to defer any discussion of the subject matter of the address until a later occasion. I propose to follow that procedure.

In view of the confidence we have that this matter will be dealt with shortly, I trust that appropriate legislation to carry this matter forward in the house will be prepared at the earliest possible date. I recognize there might be a question of procedure as to the appearance of the legislation on the order paper before the British North America Act has in fact been amended, but it might facilitate consideration of the legislation if it could be prepared and distributed, so that hon. members would be able to proceed with it expeditiously when it does come before the house.

Mr. M. J. Coldwell (Rosetown-Biggar): Mr. Speaker, there is nothing I wish to add at this time, except to say that we are pleased indeed to co-operate with the government in getting this address across to the United Kingdom as rapidly as possible, in the hope that the legislation will be introduced and proceeded with at this session.

Right Hon. L. S. St. Laurent (Prime Minister): Mr. Speaker, I wish merely to express gratification, I think I can say on behalf of all members, that this matter is being dealt with so expeditiously, in the hope that in order to implement the powers being sought, legislation can be brought before the house during the present session of parliament.

In that connection, and while I am on my feet, perhaps I might announce that at the end of the dominion-provincial conference it was stated, in summarizing the agreements that had been reached, that a continuing committee should be set up to consider the kind of legislation which would be appropriate respecting persons between the ages of sixty-five and sixty-nine, and to what groups thereof and under what conditions it should be made applicable in each province; and that the continuing committee should be under the chairmanship of the Minister of National Health and Welfare and should be brought together as soon as provincial agreements had been reached on the constitutional amendment.

[Mr. Drew.]

The Minister of National Health and Welfare proposes to send out, today or tomorrow, invitations to representatives of the provincial governments to meet here on May 21 to consider what legislation would be appropriate as enabling legislation to deal with the group of people between the ages of sixty-five and sixty-nine years.

Motion agreed to.

EXTERNAL AFFAIRS

REFERENCE OF ESTIMATES OF DEPARTMENT TO STANDING COMMITTEE

Hon. L. B. Pearson (Secretary of State for External Affairs) moved:

That votes No. 84 to No. 111 inclusive, and vote 566, of the main estimates 1951-52, be withdrawn from the committee of supply and referred to the standing committee on external affairs, saving always the powers of the committee of supply in relation to the voting of public moneys.

Mr. Drew: Mr. Speaker, on a point of order, in view of a report which I heard over the radio, and which may have been carried also in the press, to the effect that it is the intention of the Secretary of State for External Affairs not to speak at this time but to defer any statement until other remarks had been made, I should like to say that I hope that that is not correct, and that the Secretary of State for External Affairs will introduce this discussion by a statement, in keeping with the understanding that this was to be in the nature of a debate on external affairs.

Mr. Pearson: Mr. Speaker, it was my intention to speak in this discussion, although not—I do not know how this got into the press and the radio reports—to initiate the debate by a general statement on behalf of the government. It is true that I made such a statement last year on a resolution of this kind, but I thought it would be better on this occasion if I postponed my statement until later in the discussion. For one thing that would give more hon. members an opportunity to speak, because in the normal course of events I would be winding up the debate. I think I might make my general statement at that time and deal also with questions which might arise in the course of the discussion.

I was confirmed in this opinion by recalling that I made a general statement on international affairs to the house last February. In that statement, which was an exhaustive one, I gave the policy of the government in respect to matters which were brought up by it. There have been developments in international relations since February, but nothing has happened which has altered the policy of the government in respect to those matters.

I thought, therefore, it would probably meet the convenience of the house if I reserved my statement until later in the discussion.

Mr. Drew: Mr. Speaker, on the point of order, I suggest that it would be appropriate that the Secretary of State for External Affairs should open the debate, for a number of reasons. It has been indicated for some days that there would be a debate today on external affairs, and a debate tomorrow on national defence. That seemed a particularly appropriate association of departments, because those two departments are closely associated in all that they do.

I do not wish to interject any unduly controversial remarks at this point, but a number of statements have been made outside this house which suggest reasons why the house should be informed of the policy of the Department of External Affairs, and of this government in external affairs, before we proceed with the debate. At the time the minister of external affairs made his earlier statement in the house he gave no indication that there had been a profound change in our relationship with the United States. I for one cannot regard that as a matter to be treated lightly. The minister of external affairs has seen fit to convey the impression that our ordinary easy and automatic relationships with the United States are not continuing on that basis. No matter what one may think of that statement, it is a most important one and has been so regarded by the press of this country and of the United States as well. Before the house is called upon to discuss external affairs I think the members should be informed as to the way in which there has been a profound change in our dealings with our most important neighbour, a nation that today is the most powerful partner in the task of preserving our freedom and our very civilization.

I cannot think of any subject that is more important, and before any other hon. member is called upon to discuss external affairs the minister should explain fully what he meant when he made that statement outside the house.

Mr. Coldwell: Mr. Speaker, I think when the Secretary of State for External Affairs is referring his estimates to a committee of this house he should make a statement to open the debate. Incidentally that was the understanding that I had of the course of this debate—that the minister would first make a statement. If he does not make such a statement now, he will close the debate when he speaks, and if he makes some pronouncements then which the house might wish to discuss, the house will be precluded from discussing them. In view of the general international situation I urge upon the minister that he make his statement now and give a lead to the discussion.

Hon. L. B. Pearson (Secretary of State for External Affairs): Mr. Speaker, while I have no strong views on this matter one way or the other, if it seems to be the wish of the house that I make a statement now I shall be glad to do so. Then when I close the debate I may be able to deal with questions which have been brought up. That will mean that the house will have to listen to me twice.

Before beginning my statement, I should like to say a word or two about the point which has been raised by the leader of the opposition (Mr. Drew) that in some form and in some way, by a statement made outside this house, I have declared a new policy in regard to our relations with the United States. That does not seem to me to be accurate. If the leader of the opposition will do me the honour of reading the statements that I have made in the house and indeed outside the house, in recent years, I think he will come to the conclusion, as I have, that what I said in Toronto did not in any way, shape or form initiate any new policy in regard to our relations with our great neighbour to the south.

I am not going to go over the whole ground that I tried to go over last February. In my statement this afternoon I shall not touch on many important developments in regard to international affairs. These may arise in the course of the debate, and if so, I shall do my best to deal with them when I wind up the discussion. There are two or three important matters, however, of a somewhat general character, upon which I wish to touch at this time. They affect more particularly our relations with the United States and our relations with other countries in the United Nations in respect of Far Eastern developments which weigh so heavily on our minds today.

One of the cardinal facts in the world today is the emergence of the United States to a position of unquestioned leadership in the free world. A great shift of power and influence has occurred within the last few years, with the result that the United States now stands pre-eminent. By any test it is not only the most powerful of the free states of the world; it is immensely the most powerful. We in Canada know the United States so well that we can view this great and historic development without apprehension, and feel indeed relief and satisfaction that

power is in the hands of a nation which has such a deeply rooted democratic tradition, whose people have no desire to dominate other countries, and which has shown its good will towards less fortunate peoples on so many occasions by acts of magnanimity and generosity.

This feeling, I think, is increased by a consideration of what our position would be today if the United States had not decided to assume the responsibilities throughout the world which its new position has thrust upon it. We have good reason to believe that it will discharge those responsibilities with conscience, courage, and respect for the interests of others. The predominance of the United States, however, is bound to raise new problems for all those countries which share its values, and which are associated with it, and proud to be associated with it, in the defence of freedom. These new problems must be understood and must be solved if friction is to be kept to a minimum and the forces of freedom are to be strong and united.

In considering, for instance, Canada's relations with the United States it is not enough to take refuge in thought or in words, as I see it, in the usual clichés of 135 years of peace or the unguarded boundary. Certainly in my view any spokesman for the Canadian government or the Canadian people on external affairs has a duty to go deeper than this in the examination of this important question. Such an examination can also lead to a clarification of issues only if it is made within the wider framework of the position of the United States as the leader of our free alliance against the dangers which threaten us. The maintenance, let alone the strengthening, of an alliance of free nations is never easy, and requires tolerance, patience and great understanding. It is not easy in war; it is not easy in times of normal peace. It is especially difficult, I think, in a period such as the present of part war and part peace, with all its frustrations, tensions and anxieties.

Therefore I am sure we all agree that this imposes on the peoples of all free states a special obligation to face the problems of their mutual relationships with candour and frankness, but also with a firm resolve to understand each other's points of view. It seems to me that the unity of the free world would be in real jeopardy if there were no free discussion of our common objectives and of the possibly different means by which they can best be reached. Much of that discussion will and should be carried on confidentially between governments, but the people have a right to be kept informed of the problems involved and the principles of action which the government may think to be necessary for their solution. Therefore honest discussion of the issues before us, so long as it is conducted in cool and reasonable terms, will not weaken the free world. I am convinced on the contrary that it is an indispensable part of the process of developing our united strength, although of course in this kind of discussion one always runs the risk of misinterpretation and the placing of a wrong emphasis on what may have been said.

In all these relations between the governments in our alliance of free countries, no single government can of course surrender its judgment into the keeping of any other government, however close and friendly that government may be. It may at times, however —and I have said this before, although it is sometimes forgotten—have to yield to the collective judgment of the group reached after discussion and consultation. That is the only way that democracy can be carried on within our own country. It is the only way that democracy can be carried on internationally. The decision when to hold out and when to yield is often a terribly difficult one to make. Yet it is on that decision that the unity and close co-operation among members of our alliance will so often depend; and on that so much else depends. Oversensitiveness and obstinacy, on the one hand, over the maintenance of national rights and national sovereignty, and arrogance or carelessness, on the other, in overriding them, might in either case produce serious and even dangerous division among the countries of the world.

That division, which would lead possibly to disunity and even disruption, gives the foe that threatens us his greatest comfort and his greatest opportunity. Particularly during these times—I am sure we all agree with this—must the United Kingdom, the United States and Canada maintain and strengthen their special ties of friendship within the larger group. It would be folly to think that any one of us can go it alone. It would also be a fatal error, made previously by two dictators, for any potential enemy to think that we intend to take that course, folly also for him to draw wrong conclusions from that mistaken interpretation of our democratic differences of opinion. On the big issues we stand together within our countries as well as between our countries, even though we may sometimes seem verbally separated. It is, I think, as much the responsibility of public and press opinion as of governments to keep these differing voices from resulting in different policies. Policy for the free world must be forged not on a shifting basis of

emotion but on the hard anvil of facts. Only in that way can it be well-tempered and strong.

One of the most important of these facts is that of persistent Soviet communist hostility. Another is, as I have said, the new position of power and responsibility of the United States as the leader of the free world. This latter fact, as I see it, means that our own relations with the United States have entered upon a new phase within the last few years. It does not mean that they should not be or cannot be as close and friendly as they have been in the past. Canadians, with very few exceptions, indeed—and those exceptions mostly of the communist persuasion—all hope this will be the case and want to do what they can to make it possible and even easy. Certainly that is the policy of this government, as it has been throughout the years.

Well, what is the nature of this change I have been talking about, and not only inside the house? Hitherto questions which from time to time we have had to discuss and decide with the United States were largely bilateral matters between neighbours. They arose from such things as border disputes, differences over the diversion of water and so on, or had to do with commerce back and forth across the boundary. Of course they were often complicated and difficult enough. Now, however, we are not only neighbours but allies. I think perhaps that is the simplest way to indicate the change that has come over the nature of our relations with the United States. We have always been good neighbours, accustomed to settling our differences in a neighbourly spirit. Now we are good allies, and as allies we must do our best to settle, in our customary friendly way, such differences as may exist between us from time to time. But the questions we shall have to discuss in this way will often be of a new character arising from our senior and junior partnership in a common association. They will often deal with the policies to be followed by that association in the North Atlantic pact or within the United Nations, very often indeed within the United Nations.

It is perhaps not unnatural that many people in Canada and the United States have not yet realized this change. It has come about rather suddenly, and I doubt if in either country we have yet completely adjusted ourselves to it. On Tuesday of last week, I believe, the Prime Minister (Mr. St. Laurent) gave an illustration of one of the new categories of subjects under discussion between Canada and the United States when he announced in this house the recommendations of the permanent joint board on defence, which had been accepted by both governments, for the revision of the lease under which the United States holds certain bases in Newfoundland. The discussions on this subject between Canada and the United States were carried on in a friendly and co-operative spirit, as is our habit, and they have resulted in a compromise which I think will commend itself to the house as reasonable in the circumstances. The problem itself arises out of the defence requirements of the United States on Canadian soil, requirements not merely for its own security but for the security of the free world. It also arises, however, out of the necessity of the United States meeting these legitimate requirements in a way which recognizes Canadian jurisdiction and, even more important, Canadian self-respect.

In an age of atomic weapons and long-range bombers Canada is obviously now of far greater importance to the defence of North America and the north Atlantic area than ever before. For that reason, and because we are now joined as allies in the North Atlantic treaty, inevitably from time to time there will be other defence questions of very great importance to both countries which must be discussed. I have no doubt that we shall be able to find satisfactory solutions to those questions as well, but it will be easier to find them if we in Canada continue to remember the very heavy responsibility the United States has shouldered for the common defence, and if the United States continue to appreciate that the alliance in which we are joined with them will not be as strong as it should be unless the various defence arrangements which may be necessary on our soil are worked out in such a way that they will commend themselves wholeheartedly to Canadian public opinion.

Another—and I suppose at the moment the most pressing—problem we face with the United States, because it is indeed a phase of United States-Canadian relations though it is also of far wider and deeper significance, involving as it does the whole question of global war or global peace, is the policy to be adopted at the present time in Korea. For the time being I think the role of diplomacy in Korea is secondary, because the scene there is now dominated by the heavy fighting which has been going on for the past few weeks. The first wave of the new Chinese attack has been checked and broken by United Nations forces, but the attack is not yet spent—far from it. This is probably just a lull before another storm. So it seems to me that for some time to come, while this heavy fighting is going on, the task of upholding the purpose and will of the United Nations in Korea must rest upon

the fighting men who have withstood so courageously the attacks made upon them by much more numerous enemy forces. One Canadian battalion, as we know, has had an important part in the recent fighting. Additional Canadian troops have now arrived in Korea, and before many more days have passed a full Canadian brigade group will be in action. These men, along with those of the other United Nations forces, and particularly the forces of the United States, will have more effect upon the course of events in Korea over the next few weeks than any diplomatic moves; and I know the thoughts of every one of us will be with them, and perhaps especially with those of our own men who are going into action for the first time.

In those circumstances perhaps it would not be appropriate for me to say too much about the actual situation in Korea, but there are a few things I should like to say. The present Chinese attack must be broken before we can again begin to entertain any hope of a peaceful and honourable settlement there. When it has been broken, as we hope it will be, and with heavy losses to the enemy, the Chinese communists may be in a mood to negotiate an honourable settlement—the only kind of settlement we have ever contemplated—or at least to desist from further attacks. While I think it would be quite unrealistic to hold out hope of an early settlement in Korea, or even of an early end to the fighting, nevertheless we should always remember that the United Nations stands ready to negotiate, though not to betray its trust or yield to blackmail. The statement of principles adopted by the general assembly by an overwhelming majority on January 13 last, which would provide for a cease-fire to be followed by a Korean settlement and by the negotiation of a wide range of Far Eastern problems, still represents the considered opinion of the United Nations. If the Chinese government and the North Korean government wish to take advantage of the offer contained in that statement, it is open to them to do so. Of their willingness to do so, however, there is no sign whatever. The approaches made to Peking by the good offices committee established by the United Nations assembly have all been rebuffed. The North Korean government, in a broadcast message as late as April 18, has repeated its determination to drive the United Nations forces from the peninsula. We can only hope that the heavy losses which the aggressors are now suffering and will suffer in Korea may produce a more accommodating frame of mind.

In the meantime, the United Nations forces are heroically and skilfully fulfilling the task which has been given to them, which is the defeat of armed aggression in Korea. This is—and it should not be forgotten—the sole military objective of the forces of the United Nations in Korea, the defeat of aggression so that a free, democratic and united Korea can be established. It is also worthy of note, I believe, that, as Mr. Warren Austin, the United States delegate to the security council, said on May 1—I quote from his statement:

> The United Nations has not declared, nor has it ever been asked to declare, that the political objectives—

That is, a democratic, free and unified Korea.

> —must be achieved by military means. In fact, the emphasis has been quite the contrary.

Furthermore, Mr. Speaker, I suggest it is not an aim or objective of the United Nations in its Korean policy to interfere in the internal affairs of any Asian country, to replace one regime by another. Its aim, as I said, is to defeat aggression and so prevent other acts of aggression by proving that aggression does not pay. To some that may seem to be too limited an objective. On this point the well known columnist Mr. Walter Lippmann had this to say the other day—and I quote from his article:

> Only a limited objective can be obtained by a war which is limited. The question now is whether the country—

He was referring to his own country, the United States.

> —will agree with reasonable unity that our military objective in Korea is the limited one of repelling aggression south of the 38th parallel and restoring the South Korean republic. We can, and we should, still hold it as a political and diplomatic objective that Korea should eventually be united by democratic means. But we cannot unify Korea by a war confined to the Korean peninsula, and we shall get nowhere in this controversy until we make the choice of limited objectives out of a limited war or unlimited objectives out of an unlimited war.

It is also sometimes loosely said that the United Nations forces are fighting in Korea to defeat communism. There is perhaps some colour for this mistake, since the aggression perpetrated is by communist states, and has its roots in the totalitarian communist nature of those states. Free men everywhere must be determined to resist communism. But it is a confusion, I think, of categories to think that communism as a doctrine or form of government must be fought by armed forces,

or that such is the purpose of the United Nations military action in Korea. When communism, or indeed fascism, results in acts of military aggression, that aggression should be met by any form of collective action, including military collective action, which can be made effective. But the purpose of such action is to defeat aggression. Communism itself, as a reactionary and debasing doctrine, must be fought on other planes and in different ways; by the use of economic, social, political and moral weapons. As Sir Norman Angell put it in a letter to the New York *Times* the other day:

> The vital distinctions in this matter are not difficult or very obscure. We can overcome, and still better, deter, military aggression with military force . . . But if we use military power to dictate or to appear to dictate to other nations, Asiatic or European, what social or political or economic system they may adopt for themselves, we shall awaken a nationalism which in the end will defeat us.

Since the United Nations objective in Korea, then, is to defeat aggression, it follows, I think, that the methods used should be designed to limit and localize the conflict and not to spread it. As long ago as August 31, 1950, I said in this house that it was not the purpose of this government to support any course of policy which would extend the scope of the present conflict in Korea, a conflict which should be confined and localized if it is in our power to do that; also that United Nations policy should be to avoid giving anyone else an excuse for extending the conflict. Mr. Speaker, that is still our view.

One way by which the conflict could be spread would be by authorizing the United Nations commander in Korea to conduct aerial bombing of China. As I said on April 26 last in the house, it is possible to visualize a situation in which immediate retaliatory action without prior consultation might be unavoidable in pursuing enemy bombers back to, and in attempting to destroy, the Manchurian air bases from which they came. It is our view, however, that the bombing, as well as the blockading, of China should, if at all possible, be avoided, since such action would involve grave risk of extending the fighting without, as we see it, any corresponding assurance that such extension would end the war. The history, the position, the social and economic organization, and the political situation in China would not seem to give much hope for any such decisive result from such limited action. Indeed, it may be felt, on the contrary, that this limited action which has been suggested would inevitably develop into unlimited action against China, about the possible result of which the Japanese perhaps are best fitted to give testimony. One result we can, however, expect with some certainty, and that is great satisfaction in Moscow over such a development. It may be that the Chinese communists, by indulging in massive air activity over Korea, will make some kind of retaliation necessary. They have, however, not yet taken such action, and in that sense have not yet conducted an all-out war against the United Nations forces in Korea. As General Bradley put it in an address in Chicago on April 17:

> Communist air intervention has not been a factor in the ground action to date. Neither has it been any serious threat to our air force.

If the Chinese communists change that situation, the responsibility for the consequence would rest entirely with them and not with the United Nations forces.

I am, of course, Mr. Speaker, aware that this policy of restraint in which all the governments who have forces in Korea concur to the best of my knowledge, may complicate the problems facing the United Nations commanders in Korea. These problems, however, in the opinion of many, would be immensely more complicated if the fighting were extended to China.

The question, I think, above all other questions at the moment, is, in short, whether aerial bombardment of points in China, together with a naval blockade and the removal of all restrictions from Chinese forces in Formosa, would be sufficient to bring China's participation in the war in Korea to an end without bringing about intervention by the forces of the Soviet union. It was felt by many last November that if United Nations forces advanced to the very borders of Manchuria and cleared north Korea of the enemy, the war would then end; that there would be little risk of communist China intervening, or, that, if it did, the intervention could be contained and defeated. As we know, and as I said last February in the house, it did not work out that way, for one reason or another. In the light of that experience, we should, I think, before we take any new decisions which will extend the war, be reasonably sure that this extension will have compensating military and political advantages. Let us not forget we would be playing for the highest stakes in history.

Another way in which the conflict could be extended, in the hope that it would be ended sooner, would be by facilitating and assisting the return to the mainland of China of the forces at present in Formosa under

the command of Generalissimo Chiang Kai-shek. We should remember, of course, that these forces, or forces under the same command, have been driven from China by their own countrymen. The question to be answered, therefore, is this: Is there any reason to believe that these Chinese nationalist forces now in Formosa would have greater success in China than they had previously, unless they were supported by troops and equipment from other countries which could ill be spared for such a hazardous venture, with all its possible long-drawn-out consequences?

The desire to localize the conflict and prevent it from spreading remains, then, our policy, though we must recognize that while it takes only one to start a fight, it takes two to limit, as well as two to settle, a fight.

May I now say just a word in conclusion, Mr. Speaker, about our views—I have been asked about this in previous statements in the house—on the situation in Formosa. I believe that this island should be neutralized while fighting is going on in Korea. I have expressed that view previously. Certainly the United States of America cannot be expected to permit the Peking government to take over Formosa while that government is defying, and fighting against, the United Nations. It does not follow, however, that if and when the Korean conflict can be ended satisfactorily, we should refuse to discuss the future of Formosa within the context of international agreements that have already been reached concerning it, and indeed within the context of the United Nations charter. Any other course would, I think, result in implacable hostility between the United Nations and whatever government was in control of China at the time the war ended.

Until that war ends, however, and China abandons her attack against the United Nations in Korea, there can be, I think, no question of even discussing whether Formosa should be handed over to the Peking regime; at least that is our view. The same, I think, applies to recognition of that regime in Peking. There can be no question even of considering it while the Chinese defy the United Nations in Korea and fight against our forces there.

Nor do we think it realistic or right, while communist China is fighting in Korea, to include the Peking government in the current discussions of a Japanese peace treaty. In this regard, as in the case of the disposition of Formosa, the decision as to who shall talk and sign for China might well, I think—and even any discussion of this matter—be postponed until the Korean war is ended.

[Mr. Pearson.]

These are two questions which I know are uppermost in our minds these days. What is going on in the Far East? What is the policy of the alliance which has been built up, and which is getting stronger every day, to meet the dangers ahead, and within that alliance what is the relationship of a junior partner like Canada to its neighbour and its very senior partner in this association, the United States of America? It is not easy these days to be too optimistic about the course of events; but time is going on, and while time is going on we are getting stronger. In that sense, but only in that sense, time may be said to be on our side if we take advantage of it. If we do take advantage of it, and if we grow stronger militarily, economically and in every other way, then I think, as I have said before, that we have no reason to regard the future with panic or despair. But the remedy, Mr. Speaker, rests with us.

Mr. Gordon Graydon (Peel): Mr. Speaker, in rising to take part in the debate on the motion of the Secretary of State for External Affairs (Mr. Pearson) to refer the estimates of his department to the standing committee, I desire first of all to make reference to the work of the committee itself. In some respects the standing committee on external affairs stands alone so far as house committees are concerned. It was formed in 1945 and has functioned, we think successfully, ever since. In that committee the estimates of the Department of External Affairs have been considered session by session, and in a cool and dispassionate way the work of the committee has proceeded from time to time.

Few committees have found hon. members more satisfied with their work and the way in which it is carried on. In saying that I want to pay a special tribute to the hon. member who since the inception of that committee has been its chairman. I refer to the hon. member for Cochrane (Mr. Bradette), who has our confidence, and who has done a magnificent job in that capacity. Because of his temperament, his ability and his capacity, to say nothing of the industry that he has displayed in connection with the work of the committee, he is eminently suited for the post.

Particularly in view of the increasing complexity of international affairs, I am sure hon. members appreciate the fact that the work of the Department of National Defence is inextricably linked with that of external affairs. Time after time hon. members on this side of the house have made the urgent plea that the estimates and the activities of the Department of National

Defence be subjected to the same kind of comprehensive review as is directed toward those of the Department of External Affairs. While I have not made the plea before, although it has been offered by other members of this group and, I suggest, more effectively and more eloquently than I shall be able to do it, I now express the hope that, having in mind the success of the committee dealing with the estimates of the Department of External Affairs, the government will now see fit to take the further and the obvious step of setting up a special committee to study the estimates and operations of the Department of National Defence. This, I suggest, is a department the activities of which are akin to and closely tied up with those of the Department of External Affairs. When the committee begins its deliberations, and proceeds to deal with the estimates at hand, I shall have some suggestions to make.

I would hope that this year the committee would take the time to give careful consideration to the report of Canada in relationship to the United Nations because, for the last five or six years, not only has this country legislated in its domestic parliament here in Ottawa, but it has been legislating as well in what might be described as a world parliament. Too frequently hon. members in the house, and members of the public, are apt to take the deliberations in the United Nations too much for granted. In the committee on external affairs I should like to see made an intense study of the Canada-United Nations report for 1950. It contains the proceedings of United Nations sittings during the last year.

Further than that, I should like to see called to the committee those who were parliamentary representatives as well as departmental representatives, of whom there were quite a number. These representatives would be in a position to give a report on their stewardship rendered so effectively in New York. I should hope that in the committee we would have the opportunity to examine and to discuss in detail the work these members of parliament and civil servants did, in their efforts to put Canada's best foot forward at those important meetings.

We spend about $2,500,000 for representation on various conferences. Of this sum about $1,500,000 is allocated to expenditures in connection with the United Nations organization, assessment being made on a prescribed basis. These are facts the public ought to know. The budget in this respect ought to be scrutinized carefully, and a careful analysis made. As in connection with other estimates, hon. members have the right to know exactly what is being done in the various branches of United Nations activities.

May I add one personal comment. Last year at meetings of the United Nations we were privileged and honoured to have R. Gerald Riddell, who has since been called to his reward, as our permanent representative. His name has been mentioned before in debates in the house, but this is the first opportunity I have had to refer to him. Gerry Riddell's death was a great loss to the United Nations and to the parliament and people of Canada. I knew of no more industrious, competent or capable member in any delegation than was Gerry Riddell, and I know he was so regarded by representatives from every nation in the world. Canada always had a worthy advocate to speak on its behalf, and one who commanded the respect and confidence of the representatives of all countries with whom he came in contact.

Perhaps it would be of interest to add that I have another special reason for referring to Gerry Riddell because at the end of a line drawn for sixteen or seventeen miles straight through the county of Peel, which it is my honour to represent, one finds the paternal homestead of the late Gerry Riddell. Another three or four miles farther down that line we come to the maternal homestead of the Secretary of State for External Affairs (Mr. Pearson). At the end of the line, still farther down, at the boundary between Halton and Peel, is the homestead of Mr. John Watkins, our chargé d'affaires in Moscow. In between and also in the same line, is the homestead of the member for Peel. I mention this because it may be of interest to others who are not as close to that county as we are.

In passing may I refer to two important figures with whom through the years many of us came in contact, in a greater or lesser degree. I mention first the Right Hon. Ernest Bevin, whom we met originally at the first general assembly meeting in London. The late Mr. Bevin was a dogged advocate for peace in his time, and so expressed himself at every meeting of the United Nations he attended. I have always felt that his unifying influence in politics in Britain during the war, and that same influence which was carried into the days of peace through his great work in the United Nations, is something for which the world is greatly indebted. It owed that debt to a great statesman and a champion of those things that are best in our public life.

I should like also to refer to another eminent world statesman who has passed to his reward only within the last few days, the late Senator Arthur Vandenberg. I remember so well witnessing at San

Francisco the splendid work he did, and realizing the unifying influence he had in the policies and programs put forward by the United States government. In what is written about the late Senator Vandenberg there will be no more glorious page than that describing his valiant struggle to maintain a united voice among the different political groups in the great republic he represented.

These two men were powerful factors in world peace. As I listened to two world figures who spoke from the rostrum at Lake Success last fall within a few days of each other, I could not help thinking how democracy has enabled people from the lower levels of society to reach important positions of leadership because there on the rostrum were the representatives of two of the most powerful nations in the world. The first of these was a man who had begun his business career as a haberdasher's clerk in a small store in Independence, Missouri. Here was a man who, through democratic processes, had risen to a position where he could speak for perhaps the most important and powerful nation in the world.

Following him on the rostrum was a man who in his early days had been a hired man on a farm. He then became a bottle collector in Bristol, but through our democratic processes had risen to be the champion and spokesman for a great power. I was proud of President Truman and the Right Hon. Ernest Bevin. I thought that it all gave the lie to those who say that democracy gives privileges only to the few, to those who have power and influence, when in fact it gives opportunity for the little man to come to the top and speak for his country about world affairs at world gatherings. I liked that because I thought it was an indication and instance of just how our democracy works in contrast to some other countries about which so much has been said in their favour just along that line.

This afternoon I should like to make reference to our relations with other countries. I realize, and I think everyone who has some responsibility and who wants to look at these things in a responsible way, realizes that Canada's diplomatic position has become much more difficult, and perhaps much more trying, by virtue of the fact that we are always perhaps in a more favourable position when the United Kingdom and the United States are seeing eye to eye on every single subject that arises in international affairs.

But that has not always been so. I quite realize that that brings problems to the government of Canada and to the Department of External Affairs that perhaps are new and particularly peculiar and difficult in times like these. In addition to that, of course, our position in the commonwealth has I think become relatively more important as time has gone on. That, together with the world leadership which the United States has now shouldered, has made these problems increasingly important and vital to us.

I think one of the things that we Canadians ought to guard against in international matters is discussion of singularly delicate and explosive world problems when perhaps we should be dealing with them on some kind of more confidential and diplomatic basis. I think Canada above all else ought to take a careful, cool, common sense and calm approach especially in these times. Silence is golden, especially with some of the more acute and burning issues that sometimes arise. There should be an armistice on irresponsible and wild talk between the two major powers in the free world, in so far as certain discussions are concerned as well.

Moreover, I think we ought to consider that one of our problems seems to hinge upon the fact that we have not yet among the free powers developed to the point where we have the proper kind of clearing-house for political decisions that we ought to have. I know that these things are very difficult to work out and perhaps have to be done by trial and error, but I think when there are such major political decisions to be made today there ought to be a more effective clearing-house for these among the major powers of freedom. I have no doubt that some of these problems which have come up and which have failed to be cleared between the United Kingdom and the United States have been affected and sometimes aggravated, not because they are not desirous of coming together but because machinery has not been provided in an efficient fashion for them to do so.

On that point I should like to make reference to one thing in connection with our North Atlantic treaty organization and the clearance of our political problems and issues. I think a word ought to be said in this house for the very effective job which has been done by General Dwight Eisenhower in that field. I think he has the qualifications and I feel sure he has the confidence and respect of people generally. We have been most fortunate in having General Eisenhower at this time, not only because of his great military and strategic skill but because of his political understanding of the problems which led him to such a successful position of leadership during the last war.

During the speech I made in February in connection with external affairs I referred to our relations with other countries. I think

I should repeat one or two sentences which I said on that occasion and which are as follows:

> I have no doubt that some Canadians hold strong views as to how they think the Americans could improve their conduct in the field of world politics. Some Americans may not see eye to eye with the way Canadians handle themselves in their international relations as well. It seems to me, however, that any widespread surrender on either side of the border to enter the field of wholesale criticism of each other at the moment could only result in the fouling of our own nest and giving comfort to an enemy whose cleverness in laying false emphasis has become a feature of its enslaved propaganda.

I want to add just a few words to that on this occasion. I think Canadians and Americans ought to hold their horses when their patience wears thin and they are tempted to devalue the contribution of each other to the common cause of stopping Soviet imperialism in its tracks. In more tranquil days perhaps a few pointed lectures on both sides of the border designed to improve things on the opposite side of the 49th parallel might be useful, but at the moment both countries have their hands full elsewhere and will be well advised to close their ranks and arrange a cease-fire so far as our respective national shortcomings on this continent are concerned. These two great nations and neighbours need to apply their full time and energy toward the goal of compelling certain reluctant world rulers to keep the peace.

In my opinion, this is not the proper time to wash our continental linen in full view of those spying eyes who are ready to draw apart the iron curtain long enough to secure a choice morsel of anti-democratic gossip for distribution in places where it would harm our cause the most.

I should like also to further refer to our Canadian-United States relations and in particular to one other matter which has been mentioned in the house on a previous occasion recently. We in our part of Canada are particularly and keenly concerned in seeing the St. Lawrence deep waterway proceeded with with the least possible delay. I mention this because it affects our Canadian-United States relations. It is not the business of Canada to tell the United States congress what it ought to do about the St. Lawrence power and navigation project. The Canadian point of view, however, at this critical juncture of the development should be advanced in unmistakably clear terms in the hope that it may have an influence on the decisions which are under review at the moment in Washington. First, Canada wants the waterway commenced at once. Second, Canada wants it to be a joint undertaking and is prepared to enter into such a plan forthwith. Third, the hydroelectric power needs of Ontario have reached such an acute stage that, failing joint action, the project will have to be proceeded with by Canada alone or alternative means of generating power devised and commenced. Time counts. Fourth, the Canadian industrial program for defence is but in its infancy, and the full impact of the demand for power is only now beginning to be felt. Power shortages have no place in an effective defence plan. Fifth, as an active participating member of the North Atlantic treaty organization, Canada wants to leave no stone unturned to build up every factor in our defence in accordance with our undertakings.

That being accepted, the rich and strategic iron ore findings in Labrador and Quebec point up a feature of the St. Lawrence proposals which assumes giant proportions. Canadians feel that they have a good case for a joint development of the new seaway on the further ground that if these essentially strategic materials of war in their raw state are to be made available to processors in the United States, Canadian taxpayers should not be obliged to foot the entire bill for the creation of transportation facilities to get the ore from the mines to the mills across the line. On the basis of defence needs alone, Canadians regard the development as an urgent must.

The Canadian government has made no decision yet upon the practicability of building the seaway installations alone. If the United States congress turns down the proposals for international collaboration in the project and Canada proceeds on her own to complete it, I suggest to the Secretary of State for External Affairs (Mr. Pearson) that he examine all existing treaties or agreements entered into prior to or since confederation, and which may still be enforceable, to ascertain whether or not the shipping of any other nation enjoys treaty privileges entitling it to free passage through the deepened St. Lawrence and the great lakes. I leave Canadian-American relations at that.

I want to mention a problem which I think is of interest to members of the house and to the public of Canada as well. We are spending on defence this year $1,600 million. It is a necessary expenditure. The Canadian people will be glad to make that expenditure because after all it is the only guarantee they have of peace and security. In the spending of that money we are of course naturally and very properly laying our emphasis, as the Secretary of State for External Affairs said a few moments ago, on

force, strength, might and power in these very difficult days. I think it will be understood and agreed, however, by most members in the house that force, strength, might and power alone are not the only weapons that this nation and free powers everywhere must consider in stopping imperialist communist aggression. I think that perhaps brings up this point, that this year we are spending on the other arm of our attack on communism, shall we say, $25 million on the Colombo plan for economic development in southeast Asia.

I realize, and I think the house will realize, that this is not the time to be making unnecessary contrasts between expenditures. Actually expenditures on military matters and defence generally are perhaps only in their infancy because the problem of preparedness still remains a very serious one for all of us on this continent. It is a serious one particularly when one reads the remarks made in the United States congress only last week by a senator who was a member of the United States delegation to the United Nations this year, and a man whose responsibility and competence are beyond question. Indicating the difficulties and the acute position in which this continent finds itself, I should like to refer to the startling words of Senator Lodge. In *Time* magazine for May 7, 1951, I find the following:

> Best estimates credit Russia with a tactical air force of 16,000 to 20,000 planes, said Lodge, of which about 9,000 are free for an attack in the west. To assure air superiority to the proposed North Atlantic army, Lodge calculated that the U.S. and its allies need 18,000 tactical aircraft ready for battle. How do those figures stack up against U.S. strength, present and planned? At the moment, the air force has little better than nine fighter bomber wings—some 675 aircraft—available for support of U.S. ground forces overseas . . . "That," said Senator Lodge, "gives you some idea of the jam we are in."

When I call upon the government to give serious consideration to increasing the other arm, I do not want it to be understood that it is to be done at the expense of the critical military position in which this continent finds itself today. I do want to point out, however, that we must not neglect our economic defences because such countries as our sister units of our own commonwealth, India and Pakistan, are directly in the pathway of imperial communism. They are fertile grounds for would-be world dominators. I think a word ought to be said for the Indian and Pakistani people who have gone as far as they have in attempting to be bulwarks of democracy in the Far East. True, on certain occasions we are unable to go along with them on some world issues, but nevertheless they are sisters in the commonwealth. They are in the midst of a giant revolution in Asia where a great melting pot exists, and today any widening of the breach between the east and the west would in my opinion not only be immediately fatal but would be fatal also in the very important days that lie ahead.

I have always felt that Canada and India are the two key nations in any close liaison between the Orient and the Occident. From the standpoint of our position in world affairs generally it seems to me that these two nations should do everything possible to maintain a close liaison, and in doing so to maintain a closer knit relationship between the east and the west. I admit that something has been done in connection with the Truman point four program of economic assistance to south and southeast Asia. I know there are plans on foot and on paper with respect to the Colombo commonwealth plan, but one thing that has always concerned me is that there has not been a close enough co-ordinated over-all plan for help from this part of the world for those underprivileged and underdeveloped countries.

As far back as last summer I suggested to the government and the Canadian people that we ought to have some kind of scheme, something in the nature of a Pacific economic pact, under which any assistance from this country would be properly co-ordinated and become much more effective than the hit-or-miss arrangements that have been put into effect from time to time. It seems to me that we in Canada have a grand chance to do something worth while not only from the point of view of the Canadian people but from the point of view of our sister dominions in the Orient, which in addition would show the world that we have a generosity and benevolence equal to that of any other country in the world. In setting up any such scheme, however, we must be careful not to put any of these people under the means test. I should like to see any policy we might adopt in this connection one which would integrate our economic progress with theirs in such a way that they might be brought up to the economic levels we enjoy in this part of the world.

Perhaps not every hon. member realizes just what conditions are in some of the lands to which I have been referring. In India, to take that one country as an example, according to research made by those in charge of the point four program, conditions are startling; and I think they should be made known to the Canadian people. I should like to quote just one paragraph from this report:

> For example, in underdeveloped, overpopulated countries such as India, China, and Egypt, where the

average expectation of life at birth is in the neighbourhood of 30 years, only 54 out of every 100 children born ever reach the age of 15 and enter the ages of maximum economic productivity. Of those who reach young adulthood all but 15 die or are incapacitated long before completing the normal span of working life to the age of 60. In contrast, in the more highly developed areas 92 of every 100 children born reach the age of 15 and 70 live a productive life span to the age of 60. Reduction of the death rate in the underdeveloped areas will mean an increase in the human resources available for production in proportion to population.

At the same time improvements in health and physique will bring about greater capacity on the part of the individual worker. It is not surprising, for example, that the undernourished eastern peasant, afflicted with chronic malaria and host to a rich assortment of internal and external parasites, should commonly be a weak and lethargic worker.

The figures with respect to income are equally startling when compared with those of the western world. According to the last compilation of these figures the annual per capita income in the United States, covering men, women and children, was $554, while the figure for Canada for the same year was $389. The figure for India, however, was only $34. There is also the question of illiteracy. Back in 1930, which seem to be the last figures compiled for this purpose, 91 of every 100 people in India could not either read or write. That may give some idea of the problem facing the Orient which constitutes a challenge to all of us. Where we have something like 800,000 farms in Canada, there are 800,000 villages in India. It is interesting to note that four of every five people in the British commonwealth live in Asia.

I believe something ought to be done to speed up both the point four and Colombo plans, because there is nothing in which time is of greater importance. In my opinion aid to Asia is one of the most important of all the weapons we may use today to provide a bastion for democracy in that part of this power-drunk, war-torn world. But apart altogether from the point four program and the commonwealth Colombo plan for assistance to certain free nations for development purposes, the plight of the famine-stricken people of India and Pakistan calls for a supplementary short-range policy of immediate help. Starvation does not delay its paralysing work or wait for legislators to act. The western powers, including our own, must not be found asleep at the switch at a time when the train of golden opportunity is arriving. We should be doing something now to relieve the intense suffering of our sister commonwealth nations in Asia. It is in time of grief, need and acute distress that nations, as well as people, are most sensitive to the reaction of their friends. We should be demonstrating to those in the great subcontinent of India our practical generosity and our sympathetic understanding. Red China has done it. For the second time since the famine reached its most devastating stage she has made available food supplies when her own larders are relatively empty. Russia, too, has made a political gesture of help. Other countries have given of their substance as well, but southeast Asians know where the most abundant wealth and resources are to be found, and for that reason the challenge to this continent becomes the greater. I believe the Canadian people as a whole want to help India and Pakistan, and I am offering the suggestion that if the government is reluctant to give a lead as a government to an emergency program for relief in these stricken areas, they should at least open the door and give Canadian citizens the opportunity of making their own individual contributions of food, clothing, medical supplies and the like and provide for the collection, transportation and effective distribution of same to the Indian and Pakistani people. We should show these friends on the other side of the world that Canada cares.

In conclusion I should like to refer to one matter which has to do more particularly with the domestic field. The problems being faced by democratic nations in attempting to put on a wartime footing countries which are at peace cannot be overestimated. One of the things that concern many of us is the fact that there is an ebb and flow of interest and concern which flares up and then perhaps subsides into a period almost of complacency. That has happened before in this country; it may happen again. I feel it is the job of the government to give leadership. After all, the government has been given the job of leading the Canadian people, at the behest of the people as expressed at the polls some two years ago. I think it is important that the people be told in no uncertain terms exactly what is required of them, and just what our position is in connection with this struggle for peace. It should be indicated to the people across Canada in unmistakable language the patience, tenacity and perseverance that is going to be required in order to carry forward the great program of preparedness prior to the settlement of this impasse. They will want to know what is expected of them. They will want to know it in the terms that they understand. After all if we have, from time to time, the ebb and flow of concern and complacency, it will interfere with our preparedness program; it will interfere with whatever long pull there may be in connection with our preparedness plan. I see that

this very important matter has been referred to by the Hon. Herbert Morrison, foreign secretary of Great Britain. While perhaps many of us would not be prepared to agree with him that there will probably be a fifteen or twenty-year long pull, there will at least be a pull of some length of time. I believe that we have to steel ourselves to the emergency which faces us in the future. I believe that can best be done if the government will give the leadership that really leads in a case where leadership is urgently required.

During that period while we are preparing for such eventualities as may come, we must remember that at home we have our responsibilities and our challenges. While we are fighting for democracy, we must always remember that the democracy for which we are fighting is worth applying in our ordinary life in Canada.

I close my remarks this afternoon by repeating a quotation which is credited to René Grousset, and which I think perhaps covers the point I have made with respect to our own position in Canada much more clearly than any words I could have used. This is what he says:

> In general, no civilization is destroyed from the outside unless it has already decayed from within; no empire is conquered from abroad, unless it has first destroyed itself. We are still the masters of our own destiny, and not mere spectators of our own downfall.

Mr. M. J. Coldwell (Rosetown-Biggar): Mr. Speaker, I first want to say that I think the house was very glad indeed that the minister of external affairs made a statement in opening this debate. The statement which he made, so far as I am concerned, to some extent has narrowed down the debate and made it unnecessary for me to say some of the things I intended to say. I quite agree with him that at this stage of our history it is essential that we shall maintain unity among democratic nations. No nation must dominate, and a decision once taken by the group must be supported by all the members of that group. I believe that is real democracy in action. Sometimes democratically adopted decisions do disturb minorities, but nonetheless under such grave circumstances minorities must fall in with the views of the majority unless the decisions do violence to their principles.

I quite agree with him, too, that aggression must be met by military force, but that communism, as we call it, cannot be met by force but must be met on the economic and social field. Many years ago someone said that if you would understand the external policies of a nation, you must first of all understand its domestic conditions and its internal policies. I think that has been brought home to thinking people in our own country and elsewhere in recent years more than ever before. Where there is dictatorship and oppression at home, there is constant provocation and unrest with the threat of war abroad. It is in this respect that the economic situation in some areas and the international situation which arises out of economic conditions is, in my view, to be emphasized in a debate of this description.

When the United Nations was set up at San Francisco, member nations dedicated themselves to the advancement of freedom, of economic standards of living, as a means of preventing international misunderstanding and future wars. Yet today, in countries which adhere to the charter, millions of wretched people are the victims of despotic rulers, while millions of others are imprisoned in concentration camps because of their refusal to accept complete domination of their minds and thoughts by powerful and intolerant dictatorships. Nor must we forget that in other countries, including Canada, with democratic political institutions and ways of life, freedom for some, and at times indeed for many, has too often meant freedom to live in misery, want and despair. It is against this background of arbitrary rulers, despotic dictatorships and incomplete democracy that I wish to consider the world situation in this discussion.

We believe that the struggle in which we are now engaged, and which incidentally may last for many years, is for the liberation of the human spirit as well as for the economic advancement of individuals everywhere. Yet the real freedom of body and mind depends to a very large extent on economic liberation. We in this house, of course, all adhere to the conception of political freedom and democracy. There is no difference between us in this respect. But if we are to achieve the liberty of mind and thought which must be a positive aim of democratic peoples, Canada itself must move forward steadily towards the achievement of more economic and industrial democracy to accompany the political freedom which we all cherish. Hitler attempted to destroy political freedom over a large part of Europe, and he was in turn destroyed. But a large part of the world today is controlled by dictators who have rejected political and religious freedom as a principle of human progress, and who preach that social justice and economic stability must be purchased by the acceptance of their control and their tyranny over both the minds and bodies of the population to whom they dictate.

Their success, in large part, has been due to the failure of democracy as we know it to meet the vital needs of mankind. They

know that wherever there is starvation, want and despair, their propaganda will fall on fertile ground. In saying that, I am not either underestimating or decrying both the urgency and seriousness of the task of organizing the defence of the democracies in a military sense. What I am saying is that there is danger to the democratic world if nearly all our energies and resources are used up in building our military defences. This, of course, is one purpose of the Atlantic alliance. But one must realize that this alliance, based on co-operative effort in the military field, has been made difficult because the basic principle of the economic program is not co-operation but competition. Thus we see the efforts of the European nations to rebuild their economic and military strength made exceedingly difficult because of the competitive scramble for raw materials. That has been demonstrated by the resultant high prices and threats of serious stoppages in production in the United Kingdom and in western Europe, because of the lack of vital chemicals, scarce metals and other supplies. In the last war we found that competitive industry would not suffice. Now it seems that again we have to learn exactly the same lesson. Thus, among the members of the Atlantic alliance co-operation must replace cutthroat competition in those respects.

Neither can we afford to omit or restrain the equally important task of assisting in the improvement of the economic circumstances both of our own people and of the rest of the world, and we believe that means world-wide co-operative enterprise, too.

This party has I think endeavoured to emphasize this point of view both in parliament and across the country. We have supported, and we will support all the necessary undertakings and defence preparations essential to the protection of what we call the free world. We recognize of course that even among the so-called free nations there are varying degrees of freedom, and that it is not wholly free. Yet the limited freedoms which part of the free world enjoys are worth protecting, because they provide the foundations of the greater freedoms at which we all must aim.

Our external policy must take into account the fact that in parts of the world, and particularly in Asia, the rising tide of nationalism, of dire poverty of countless millions present us with both an opportunity and a threat. Because democracy has failed in the past to meet the desires and needs of such depressed peoples, totalitarian communist propaganda therefore has fallen on fertile ground. The success of the communist party in such areas indicates that they have seized on those desires, the desires of the distressed masses, both in Europe and in Asia. It is, for example, not without significance, I think, that in the early stages of communist revolution in Russia itself, in Poland, in Hungary and now in Asia, they have made use of the peasants' need for land as a principal means of securing the support of exploited landless peasants. Whatever their future aims may have been, they have invariably placed the peasantry in possession of the land, even if subsequently they substituted collective state farms, thus eliminating both individual and co-operative ownership of the soil.

I do not think that in our dealings with backward areas we have paid sufficient attention to such basic needs of exploited populations. Indeed, no less a person than Kagawa, the famous Japanese Christian and democratic leader, has said that the resistance of South Koreans against North Korean aggression would have been stronger if land reform had been instituted to a greater extent than it was in the republic of South Korea.

Because of our failures in similar respects in the past, Soviet communism has become an immediate menace to the world. What I am trying to say is that an essential part of democratic world strategy should be the placing of greater emphasis on economic and humanitarian policies. We cannot win the struggle against totalitarian communism by military means alone. Indeed ultimate victory will lie with those who can do most to end poverty, misery and want wherever they may be found. Recent publications dealing with the Colombo plan have emphasized the dark picture of conditions in southeast Asia. The hon. member for Peel (Mr. Graydon) this afternoon placed before the house some of the conditions that exist in that great subcontinent of India. In southeast Asia one-quarter of the world's population lives. Eighty per cent of the nearly 600 million people are directly dependent on the land.

The basic problem is food. We are told that in an area six times the acreage tilled in the United States, India, for example, uses only one-sixtieth of the amount of fertilizer used in the area under cultivation in the United States. Yet the land is old and has been cultivated for centuries. Its production is pitifully low. The instruments used are primitive. Again we are told, for example, that the United States has nearly 2½ million tractors, while in India there are only 10,000. If I may quote from the Colombo report:

> There is the application of modern tools and techniques which enables the farm worker in the United States to produce so much more per acre than the peasant in Asia. Power and machines are the key to plenty on the land—factories to make

fertilizer and instruments; machines to till the soil; drains to provide water for irrigation and to control the floods (and, incidentally, to provide electric power for the development of industry).

It is because in these countries, whose borders are not far removed from the borders of Soviet Russia, many of their people have seen technical assistance, machines, fertilizer and irrigation applied to some of the land in the Soviet union, that communism offers an enticement. Yet, with our technical knowledge, our industrial potential, we could assist the governments of southeast Asia to transform the economies of their countries in a comparatively short space of time and with a guarantee of ever-widening political as well as economic freedom. These are some of the considerations that we need to emphasize more clearly in our external relations and our defence of democracy.

I would like to see Canada give a very definite lead at the pending meetings of the economic and social council, and at the general assembly, for the immediate enlargement of technical assistance to the underdeveloped countries of the world. I am certain that public support would be forthcoming. This is a field at least where we should not wait for decisions in Washington. Indeed I believe that if we gave a lead now, public opinion in the United States would be encouraged to demand congressional support for the immediate advancement of technical and economic assistance to the underdeveloped and undernourished people of the world.

It would encourage the commonwealth nations, too, who are associated with Canada in the Colombo proposals, and indicate clearly that Canada believes communism cannot be defeated or contained by military means alone. Indeed in my opinion we should be placing emphasis where it really belongs, and Canada might in this respect at least give a lead both to our great and friendly neighbour and to the world generally.

So if I may refer again to conditions which make this a pressing problem: studies made by the United Nations have shown that the average food consumption in India, for example, works out at only sixteen hundred calories a day—or about half the amount which we consider to be necessary to enable a North American to do a day's work in comfort.

This situation has been aggravated by crop failure and by famine. It has been a disappointment to us that the government has failed to take any effective step to provide grain to relieve the famine conditions in India. The offer of low grade wheat, which was accompanied by a proviso that it should be sold and the financial return used for technical improvements and so on, apparently could not be accepted by India. It seems to us that if we lacked sufficient milling quality wheat to meet India's needs, and provide quantities for export, we might have spared some of our own good wheat and accepted a Canadian loaf made from flour with more shorts and bran, a loaf of darker colour but one probably with a higher nutritional value for the Canadian people.

If it is true that Russia as well as China has offered substantial quantities of wheat and rice to India, it means that both Russia and China have made gestures which may have very favourable results for them in the days to come. The daily Indiagram, as it is called, issued by the Indian High Commissioner in Ottawa last Friday, May 4, recorded the fact that the British government had used its good offices to obtain ships for the transportation of grain and rice which India has purchased in China. Thus China seized an opportunity which both Canada and the United States failed to grasp at once, but which obviously the United Kingdom saw and did her best to take, so far as she could do so, in the field of transportation.

However the failure of both the United States and Canada to give immediate aid when it was requested makes it more difficult for us to retain the friendship and support we require from this important Asiatic country. And what is true of India is equally true of southeast Asia generally where, at best, food supplies are normally, almost permanently, inadequate. We must not overlook the fact that while production of basic food such as rice in southeast Asia is rising, and has risen—and indeed reached pre-war levels—the population has increased by 10 per cent since the war. So that the pressure is intensified to that extent.

The significant fact of which we must take heed is that the demand for national independence has been accompanied by a determination to improve low living standards in these areas. This desire must be met if governments like that of Nehru, which share our western ideals and belief in democracy, are to be maintained. It is a question of survival for these regimes to provide the masses of their countries with food and improved conditions. If they fail, they may give way to revolutionary movements promoted and controlled by the Soviet union.

This in my opinion is the lesson Canada should learn, and the lesson the world should learn from recent events in China. There, of course, a corrupt regime was in power and therefore the task of the communist forces was much more easily and readily accomplished. Nevertheless a basic factor leading

to their success was the deplorably low living standards of millions of Chinese peasants and workers. Poverty, low production, inflation, and corruption led there to the institution of a communist dictatorship.

There are now enlightened regimes in India, Pakistan, Ceylon, and other places in southeast Asia. Perhaps the survival of human freedom in these areas—yes, indeed, across the world—depends upon our ability now to assist immediately in the raising of the standards of production and of living among the teeming millions of southeast Asia and other parts of the world where similar conditions are to be found.

And so it is that we of the C.C.F. wish in this discussion of our external affairs to emphasize that the only real cure for misery and want over wide areas of the world is the provision of more food and the means of producing it; and to emphasize also that this is the only way in which ultimately—ultimately, I say—Soviet imperialism can be defeated.

Of course, all this we must do under very difficult circumstances. We must do it at the same time as we are building our defences against totalitarian aggression in the military sense. The task is, of course, enormous; but we must face it or we shall ultimately lose the ideological struggle.

Primarily of course the problem is one which only we in North America can undertake. The strains on the only other country from which great aid could come, namely the United Kingdom, have become almost unbearable. She has already made a tremendous contribution to improved conditions in Africa, Egypt, India, Pakistan and elsewhere, in large part by the release of what are known as the sterling balances. Her lack of raw materials and her heavy rearmament commitments limit her ability to continue the flow of machines and other aid she has been sending to southeast Asia.

Indeed, as I have already said, the competitive grab for vital raw materials, and world inflation induced by competitive bidding, have reduced her ability to render the assistance she might otherwise have given. North America, through the Marshall and mutual-aid plans, has been largely responsible for having rehabilitated and given hope to the war-torn countries of Europe. We know that the Colombo plan, too, cannot be fully effective without a substantial contribution from both the United States and Canada. But, if we have to, we ourselves must go ahead and do what we can as a commonwealth. As I said, Canada should take the lead if necessary, both as a member of the commonwealth and as a member of the United Nations.

So far it would seem that we have been inclined to place reliance upon the building up of our military forces, and this brings me to discuss perhaps more specifically Canada's own part in the solution of this great problem. I am not minimizing anything we have done in the past—because we have done a great deal in many respects—when I say that as a nation we have not done much more for southeast Asia than taken part in the United Nations and Colombo conferences, and made plans for some technical assistance to backward countries.

For United Nations' plans parliament has appropriated less than $1 million, and we are now making an appropriation of $25 million as a contribution to the Colombo plan. These appropriations have always been accompanied by statements recognizing the tremendous importance of south and southeast Asia to the democratic world, but at the same time emphasizing the limited nature of Canada's contribution because of our commitments under the north Atlantic defence proposals. Such statements were made several times before the Korean war, but we have been able since that time to find many more millions of dollars to expand our military and related expenditures.

This would seem to indicate that the government lacked both the vision and the courage a year ago to face the needs of depressed peoples as well as the will to combat communist propaganda among a quarter of the world's population, when we probably had a better opportunity so to do. Even a billion dollars spent in technical assistance and in the provision of food over the three ensuing years would have been only one-fifth of the money we appropriated for military expenditures and defence.

What I am saying is that our contribution to economic aid, to technical assistance and the Colombo plan should have borne some proportionate relationship in the past, and indeed now, to the amount we are now prepared to spend for the military defence of the democratic world. And in spite of our heavy commitments to the Atlantic alliance we believe we should be doing more in economic aid to depressed peoples than the government proposes at this time.

All this may seem idealistic to some people; but in my opinion it is the most practical method of preventing the onward march of Soviet imperialism—and that, after all, must be a main preoccupation of liberty-loving nations. The sooner we can assist

underdeveloped areas to provide more adequately for their populations, the sooner shall we be relieved of the necessity of economic aid, and be relieved, too, of enormous expenditures for defence against potential aggressors.

Mr. Macdonnell (Greenwood): Does the hon. member know what in fact we have done under the Colombo plan? I do not know.

Mr. Coldwell: As a matter of fact the Colombo plan is still in a rather nebulous condition. Except for expressing a willingness to a limited participation under certain circumstances, as far as I know we have done no more up to the present time. Of course we sent a delegation to discuss the Colombo proposals.

As I have said already, we can play our part in the struggle against the substitution of a new and sinister communist imperialism for the old capitalist imperialism which is withering away if we follow economic policies in the aid of underdeveloped and depressed areas. In the past number of years we, of the C.C.F., have advocated social and economic policies which in early discussions across the country were called impractical and idealistic and even unnecessary. Today a large part of them constitute a major portion of our social security and welfare legislation, both nationally and provincially. As an example, earlier this very afternoon the house approved a motion which brings very near, we hope, an old age pension reform we have long proposed and which a few short years ago was criticized as both impractical and undesirable.

I believe that what I have said expresses the viewpoint of many thousands of serious-minded and thoughtful Canadians. Indeed such a policy conforms to the aims outlined in article 55 of the United Nations charter, which pledges Canada to respect the principle of equal rights and self-determination of peoples and pledges us to assist in promoting, and I quote from the charter:

> A. Higher standards of living, full employment, and conditions of economic and social progress and development;
>
> B. Solutions of international economic, social, health, and related problems; and international cultural and educational co-operation; and
>
> C. Universal respect for, and observance of, human rights and fundamental freedoms for all without distinction as to race, sex, language, or religion.

We not only pledged ourselves in article 56 to take joint action in co-operation with the organization for the achievement of the purposes set forth in article 55; we pledged ourselves also to take separate action when it was possible to do so. Our external policy must ever keep in mind all the obligations we undertook in connection with the United Nations charter.

In spite of all the criticisms of the United Nations and the fact that it has failed to achieve all that was hoped for, it is still true that the United Nations is the one and only instrument available for the creation of a new and better world order. The very existence of the United Nations assembly and the security council at least makes military aggression more difficult than it otherwise would be. Possible causes of war are brought under the scrutiny of world opinion and the danger of world war is reduced to that extent. Nor must we overlook the fact that in spite of the criticisms I have made of our inadequate aid to southeast Asia, the economic achievements of the United Nations through UNRRA, the Marshall plan, mutual aid, the international refugee organization, the children's fund and so on have been most encouraging, though we hear much less about them.

It is because democratic socialists have always recognized that the building of a just peace and a better world are dependent upon the effectiveness of international economic action that I have placed great emphasis on this phase of our international relationships today. Another member of our party speaking after me will say something about the other side of our defence problem. My time is not unlimited.

However, I would say again that we realize the necessity of maintaining the unity of the democratic world and defending it in every way against totalitarian threats of every sort. We recognize that while we blame, and properly blame, Russian communist aggression for the division that exists in the world, we are not unmindful that we on our side have made serious mistakes.

Much of the present world-wide unrest arises from agreements that were made during the war years by leaders of the western democracies in their attempt to maintain unity with the Soviet union. Today millions of people in the Baltic states—Bessarabia, Poland, parts of Finland—and indeed elsewhere—have every reason to remember the agreements reached at Teheran and particularly at Yalta. Nor must we forget that in days gone by our democratic countries indulged in the exploitation of many subject peoples. Even today we hear requests, particularly from some United States sources, for support for Chiang Kai-shek, for the retention of Formosa by the United States and for the extension of the war to China.

Along that path lies, we believe, another and more terrible world war. We think that now the United Nations forces are strong in Korea a new attempt should be made to secure a cease-fire and a negotiated settlement of the Korean war and related problems with the new government of China. After all, as Churchill said, it does control the mainland of China and is in fact the government for several hundred million people in that country. If we could achieve a satisfactory settlement, then much of the effort we are spending now in war and preparations for further eventualities could be diverted to peaceful progress and world-wide improvement in social and economic conditions. As I have said already, along such a path lies the possibility of peace and freedom. Canada should continue, then, to make every effort and use all her influence with the United States and our United Nations allies to achieve these ends.

Our suggestions, then, if I may summarize them, for laying the basis of permanent peace may be summarized in this form:

1. Let us urge immediate and strenuous efforts on the part of all free nations to use all the organs of the United Nations for the removal of the dire poverty, misery, want and exploitation which provide the fertile field for communist or fascist propaganda.

2. Let us ensure Canada's participation and leadership to a greater extent in economic and technical aid to depressed peoples and underdeveloped areas.

3. There should be a reconsideration of Canada's commitments to the United Nations organization for technical aid and as a contribution thereto, because it may form part, the Colombo plan.

4. We should make positive proposals for the elimination of competition among the democratic nations for raw materials and essential supplies. If I may make the suggestion, this might be done by establishing a common or co-operative pool of such materials to enable a proper distribution of supplies among nations who can make an effort in this great defensive program.

5. We should continue to explore every possibility of a cease-fire in Korea and a negotiated settlement of the Korean and all problems related to the present difficulties with China.

6. Meantime, we should maintain our effort to make our proper contribution to the defensive forces of the democratic world.

7. I bring this once again to the attention of the government. I made the suggestion last year and I make it again today. We should make an appraisal of our material, industrial and human resources so that our economic and military plans can be made and carried out to the best advantage to Canada and to the world.

These are some of the views that we wish to place before the government and the house concerning the policy of the government in relation to external affairs. As one of the nations able to give some economic aid, we urge that Canada should place emphasis upon that phase of the world problem at the present time and try to give some leadership so that we may begin a really comprehensive program to prevent the spread of communism, and to remove the possibilities of its growth among the underprivileged peoples of the world.

Mr. Solon E. Low (Peace River): Mr. Speaker, my first words must be a reference to the passing of our friend, Mr. Gerry Riddell. I am expressing the feelings of all my group when I say that we regret very much the untimely passing of this promising young diplomat, a young man who in his few years of life made, I think, a very enviable mark in the field of diplomacy and international affairs. We shall miss his report to the standing committee, a report that was always full of facts and good things to think about.

I hesitate to launch on a lengthy speech at this time because I approach international affairs today with some diffidence. The reason I do so is that the world situation is so confused that it is hard to get at the facts. The minister emphasized the necessity of getting down to the hard anvil of facts rather than dwelling upon the shifting sands of emotion. That is true. That is why I feel somewhat diffident at this time about discussing such vast and important matters of policy. The world just does not have the facts, or at least I have not been able to ascertain them as yet.

The very controversy that is going on in the country to the south of us today over a matter of policy is one of the best evidences that it is hard to get at the facts. I do not intend to take sides in that controversy, but one is certainly led to ask just where the truth lies. I am afraid that in his statement this afternoon the minister did not shed very much light on the facts so that we can get right at them. I should like to mention briefly, however, the matter of our relations with our neighbour and ally to the south, the United States of America. I know that

we all appreciate the many peaceful years we have had with the United States, the fact that for so many years our more than 3,000 miles of boundary have remained unguarded by military forces, and that we have been able to get along so well with the people of that country.

I was not unduly worried when I read the report of the minister's speech in which he appealed to the United States to pay just a little more attention to a member of the family that had grown up a little. I was a member of a big family, and one of the youngest. I recall with what frustration I faced this interesting fact, that no matter how many whiskers appeared on my chin nobody in the family would admit that I had begun to grow up. That is a frustrating situation in any family. I am quite satisfied that what the minister had in his mind was a gentle reminder to the older members of this Anglo-American family that Jack Canuck had begun to grow up and get some whiskers on his chin. That does not hurt at all, and I think at the same time it is a gentle reminder to our neighbours that as we begin to grow up our voice changes a little bit and takes on a little more of the nature of an adult voice.

I can quite appreciate what the minister was trying to do and I commend him for it. I do not think it has hurt Canadian-American relations in any respect at all. In fact I am satisfied it is going to be of considerable help, particularly when the minister and others from the government have to sit down with representatives from the United States of America to discuss the very important problems that will have to be discussed between us in the years ahead. I have in mind such things as the sharing of international waters. That in itself is a most important thing. I do not intend to deal with it now. It is a matter that is under consideration at the moment, and I am hoping, together with many others, that a sound and equitable solution can be found to the whole problem of the division of these waters.

Another important matter which we will have to discuss, and as to which we will have to use a grown-up voice, is this whole matter of Canadian resources. The minister very aptly said today that Canada now occupies a very important position with respect to north Atlantic defence. That is quite true. As a matter of fact I think if any person will take the trouble to look into the situation he will come to the conclusion that today Canada is the bulwark of American security. All one has to do is to look at the resources that Canada has, and to calculate their vast importance in the light of diminishing United States resources. It is almost a godsend, an act of Providence, that our resources have been held in reserve for such an important and dangerous time.

What I have in mind, Mr. Speaker, is that in time we will have to sit down with our friends in the United States and discuss just how far they are going to be able to draw upon Canadian resources. We will have to be very careful because we do not want our resources depleted in the wanton way that resources have been depleted in some other countries. We should be prepared to exercise the most careful vigilance to see to it that we conserve and develop Canadian resources largely in the interests of the Canadian people, and keep in mind particularly the needs and the rights of generations of Canadians yet unborn. Unless we do that we are not going to be fair to ourselves nor to our children and their children. It seems to me that, when we discuss with our friends across the line the contribution we shall make from Canada, those important things must be kept in mind.

In lending ourselves—and when I speak of ourselves I mean Canada—to the common effort to defeat aggression and to contribute to the germination and growth of that seed which they tell us is within communism and which if germinated and grown will destroy communism, let us use every effort to conserve our resources, and let us take every intelligent means of preventing their waste and deterioration. I am sure the United States realizes the growing industrial might of Canada, her neighbour. I am sure she must realize that she will need some of the things we will be able to contribute to the common effort in the future, and those certainly should be used wisely to get a fair deal from the older and bigger member of the family.

Now I should like to say a few words about policy in Korea. I am afraid the minister did not shed much light on the tragically confused situation in that unfortunate country. I was hopeful that he would expand on the policy there, and perhaps help us understand a little more clearly where we are going. The minister did say we must uphold the purpose and will of the United Nations in Korea, but he did not tell us what that purpose and will really were. He indicated that the task assigned to the United Nations forces in Korea was to defeat armed aggression there, but what so many people in this country are asking today is this. How can the armies of the United Nations in Korea possibly perform the task and achieve the objective that has been set for them without some clear-cut plan and policy which will make that possible? There

is no such plan or policy in existence now so far as we know. The ousted commander of the United Nations forces, General MacArthur, complained for months because of the failure to provide him with such a policy.

Just look at the impossible situation in which the United Nations has placed its commander and its gallant fighters. They can very well be compared with a champion who has been placed in the boxing ring with a challenger. The referee, in this case the United Nations, draws a line across the ring. Then he instructs the champion that he must whip the challenger before he can get out of the ring, but that he must not hit his opponent with everything he has, and he must not cross that line no matter how many thugs come to the support of the challenger in the other half of the ring. Moreover, no matter how often the challenger leaves the ring for refreshments, or rest, or to get more horseshoes in his boxing gloves, the champion must not leave his half of the ring for any reason whatever. He must take what is passed up to him by his seconds and do the best he can with that alone. "Stay right there until you win the fight." Those are the instructions he gets. There you have the situation. What kind of policy is that? How in the world can you expect your champion to get anywhere under such conditions? With his knowledge of organized sport and human nature I think the minister must admit that a champion needs a better plan and policy than that.

Mr. Pearson: If I may ask a question, would the hon. gentleman prefer to fight one challenger in half the ring, or two challengers in the whole ring?

Mr. Low: That is not the question. The question is whether you are going to fight one in your half of the ring plus a million coming in from the other half. The champion certainly needs a better plan than I have outlined. I believe a good many Canadians are beginning to object to Canadian boys having to fight against such odds as I have outlined. A good many Canadians are asking what hope these boys have when they go into the Korean battlefield today. It seems to me that such a fuzzy policy will have to be changed. My own forecast is that we will not win the struggle against aggression in Korea until the United Nations adopts a clear-cut, sharply focused policy which will give our armies at least a Chinaman's chance of winning a victory.

There is much confusion abroad, and I do not want to add to it, but I should like to ask this question. What about Korea herself? That has been in my mind for some time. I have wondered what effect the terrible devastation of that country is going to have upon the prestige of the United Nations and the democratic countries of the world, the countries that are supposed to be guided by the interests of human beings. What are those countries going to say in the years to come? Almost a year ago South Korea appealed to the United Nations for help against North Korean aggression. The United Nations stepped in. The armies have rolled back and forth until the country is a shambles, its people homeless, hungry, disease-ridden, suffering and hopeless, a people on the move. The question we have to face is this. In the years ahead how many small nations, the victims of aggression, will feel like appealing to the United Nations for support if they think about Korea and what has happened there since the South Koreans appealed for assistance. There has to be some answer to that question, and a more definite policy must be laid down to prevent that sort of devastation in any small country that may suffer aggression in future.

I have not seen any sign of such a policy yet. China stepped in. It was hard to follow everything the minister said, and I am trying to keep as closely as possible to what he did say in his address this afternoon, but I think he stated that China probably would not have intervened in the Korean affair if the United Nations forces had not threatened the Manchurian border. Is that correct?

Mr. Pearson: No, I did not say that. I said there were those at that time who were worried lest the rush to the Manchurian border might result in Chinese intervention and there were others who thought that would not happen, or words to that effect.

Mr. Low: Well, there are those who claim that China would not have intervened had the Manchurian border not been threatened by United Nations forces last fall. I take issue with that statement. I do not think there is any evidence in the world to prove that it is so. The weight of evidence, it seems to me, is on the other side, because for months and months the Chinese must have been accumulating vast reserves of supplies and men in a rather isolated part of their country. They were able to launch a quick and powerful offensive when they did start. I cannot believe for one moment that they waited until the Manchurian border was threatened to accumulate those forces to launch aggression themselves. After the 38th parallel was crossed there was a fast movement towards the north border; we have to keep that in mind. I cannot possibly

believe that was not a matter of long consideration by the Chinese, perhaps at the instigation of Moscow who must have been needling the Chinese along for a good many months trying to get them to do the dirty work that Moscow was not prepared to try to do herself. So, I cannot go along with those who make the claim I have just mentioned.

I see it is getting along towards six o'clock, and I do not want to prolong what I have to say. Let me just conclude with this, that I certainly find myself in agreement with the minister when he says that communism, as a debasing doctrine, must be fought on other than military bases. I agree with that. I do not think there is any questioning of the fact that the battle of ideas which envelops the world today cannot be settled by armed conflict. But, Mr. Speaker, what I think we will have to do is to set up a new concept of democracy, a different one from what we have had in the past. If we are going to win the battle of ideas, the free world will have to begin now—and it is late to start—revitalizing and rehabilitating democracy. They are going to have to go not less than the whole distance of translating the entire Christian concept into a policy of government, and see that that is applied in the interests solely of human beings. When that is done, then I think we will be ready to start the war of ideas.

There are those people who scoff at any appeal that some of us make for the need of divine guidance. I know that I have been called "corny" time and time again by the fellows in the press gallery for suggesting any such preposterous thing. I am now going to suggest again that we rehabilitate our democracy and revitalize it, and then having given it that new shot in the arm we are going to have to remove the confusion that envelops us by constantly appealing for divine guidance. Men just cannot see their way through the fog. We are lost in the fog. We have got to be prepared to appeal unitedly for divine guidance; and then, when we do get the answer, we must have the courage to go forward under that guidance and achieve our objective, which is of course world peace.

Let me end on this note, Mr. Speaker. Let us not forget that the greatest force for human well-being and peace in this world today is the commonwealth of nations. I do not hesitate to call it the British commonwealth, as I like to think of it in that way. It seems to me that we ought to be resisting with a whole lot more strenuous exertion the forces that are attempting to destroy that commonwealth. There are those forces, and they have been working for years. Sometimes, unconsciously perhaps, we have lent our aid and assistance to those forces that have been trying to tear down and destroy this great force for peace and well-being in this world. If that commonwealth is rejuvenated, rebuilt and revitalized along the democratic lines which I have suggested, I cannot help but feel that what the member for Rosetown-Biggar (Mr. Coldwell) appealed for, aid and assistance to the needy people of other nations, especially southeastern Asia, could well be met. This assistance would bring them closer to a feeling of kinship with the people of the western nations. But you cannot do it unless you develop and apply policies that are different from those we are following today; we are following now policies that are diametrically opposed to the welfare of human beings.

Mr. Speaker, I may have something more to say when the estimates are brought back into the house after the committee has discussed them. I am looking forward to the meetings of the external affairs committee where we usually consider the estimates. I am hoping that we will be able to bring before us the various key people of the department to give us more information concerning the things that have been done with the moneys appropriated. I hope we shall have a full report of Canada's participation in the United Nations, and I feel certain we shall get that. I believe, therefore, Mr. Speaker, I shall reserve any further remarks I may have until such time as the estimates come back into the house.

At six o'clock the house took recess.

AFTER RECESS

The house resumed at eight o'clock.

Mr. L. T. Stick (Trinity-Conception): Mr. Speaker, in taking part in a debate on external affairs one is naturally conscious of not having all the information that the government possesses. I have no fault to find with this, because I recognize that much of this information is of a highly confidential nature and cannot possibly be made public. We have, however, enough information to speak generally on the foreign policy of Canada. I think that policy can be summed up in a very few words: one, the maintenance of peace throughout the world; two, peace through collective security by means of the United Nations; three, peace through strength. We are all concerned with maintaining peace. It is the overriding question in the minds of all decent people throughout the world. The

great question is how to bring this about. It is on this question that many minds differ.

In basing our policy on peace through collective security through the United Nations we do well to examine this organization. To do this it is necessary to go back to modern history, to examine how this organization was first founded and how it works.

After the first world war, or during the latter part of that war, the idea was born in the minds of men to form a union of nations to preserve peace. It was called the league of nations and met regularly at Geneva, Switzerland. It was chiefly sponsored by the late president of the United States, President Wilson, who became the leader of the movement. Unfortunately, when the late president tried to persuade the people of the United States to support the league, the idea was bitterly fought by the then leader of the Republican party, the late Senator Henry Cabot Lodge. How well he succeeded lies in the fact that the United States adopted a policy of isolation and did not enter the league.

Great Britain and the other members of the commonwealth did join, and supported the league wholeheartedly. Great Britain based her whole foreign policy on the league, indeed to such an extent that she disarmed to the point of national weakness. At this time the British commonwealth of nations was the greatest power on earth. It had the strongest navy, army and air force and there was no power to challenge it. By scrapping all this the commonwealth demonstrated its faith in peace and in the league to enforce it.

Whatever our opinion may now be of this action, history will record it as the greatest gesture for peace taken by any nation up to that time. Great efforts were made to strengthen the league; but unfortunately Japan, realizing she must expand to keep her place in the sun, marched into Manchuria to supply herself with what she needed to feed her growing industry and take care of her rapidly increasing population. This was the first great test of the league's ability to keep and maintain peace. It failed, and this episode of Japan's was soon followed by Italy's conquest of Ethiopia. Germany smarting from her defeat in world war I and suffering from inflation and the lack of employment turned to Hitler and his national socialist party as a way out. Under the driving force of Hitler, rearmament began to take place by leaps and bounds. The German army marched to the Rhine in defiance of the treaty of Versailles. Again nothing was done to stop this challenge to peace. The march to the Rhine was soon followed by the march into Austria, the Sudetenland and Poland. The league by this time having become impotent to preserve the peace, the second world war began.

It is fair to say that although the league failed to keep the peace it had many successes in minor matters; but as an instrument of peace it failed. The second world war was fought with such brutality and savagery as the world had never before experienced; whole peoples were almost destroyed or uprooted, the loss of life and property was colossal. When the war ended, people, weary and sick of war, once again began to cast about for a way to end war and usher in an era of peace. For the second time we saw the attempt to bring this about when the principal nations of the world met at San Francisco to find ways and means to bring about peace to a stricken world and form an organization to this end. Thus began the United Nations. This time the United States played a prominent part in the formation of this organization and it can be said she was the principal sponsor and backer. The peoples of the world breathed a sigh of relief, and hope for a peaceful world once more occupied the minds of men. How effective has the United Nations been in preserving peace, and what are its future prospects in this regard, is the burning question of the day. We can only judge by events which have thus far taken place. Out of the welter of the many voices raised for the future welfare of mankind, two predominant ideas have emerged: First, the communist idea that man exists for the welfare of the state; and, second, the democratic idea that the state exists for the welfare of man. Those are the basic ideas of life which occupy the minds of whole peoples today and for which the battle for the control of the human mind is now raging.

Whatever our idea may be of the Soviet tactics in the United Nations, there can be no doubt that if they wished they could have peace on terms very favourable to them; instead they have been doing everything possible to create trouble, hoping to discredit the democratic idea of life and sow dissension amongst those nations who believe in this free way of lfe. This is only understandable when we realize that the whole background of Soviet foreign policy is based on the belief that democracy and communism cannot live side by side and one or the other must collapse. Collapse means defeat with all the consequences that that entails. As Canada's foreign policy is partly based on collective security through the United Nations, it is necessary that we examine this organization and what its prospects are for enforcing

peace. There has never been an international force to punish an aggressor and to provide the means by which resolutions adopted by the United Nations may be enforced.

The history of the United Nations during its last plenary session does not encourage the idea that this association of nations can or will enforce peace. Rather, it has been one of dissension, name-calling and all that goes to make for disunity. Russia's coming back to the league was for no other purpose than to spread disunity among free democratic peoples of the world. How well she succeeded in this is all too evident. When the Korean situation broke, all the world with the exception of Russia and her satellites united in the effort to put down aggression, and a front in Korea was quickly attained. Now we have the democratic bloc in the United Nations that supported putting down of aggression in Korea haggling over how this struggle should be carried on, and instituting a peace measure when the military situation was going against us in Korea.

The greatest example of this has been the part played by India and its very able representative at the United Nations in the person of Sir Benegal Rau. This movement led by India, supported by other Asian nations, was well timed, and although I give them credit for the highest motives, namely the cause of peace, it was instituted at a time of weakness, and a just and lasting peace through weakness has never yet succeeded. It is difficult for the western mind to understand the motives of this peace movement. I endeavoured last year in speaking about this to try to portray how the oriental mind works. I do not wish to cover the same ground again, but I think it is necessary to state some facts as briefly as possible bearing on this subject.

Mr. Nehru in a broadcast on January 12 stated as follows:

> Asia is essentially peaceful, but it is also proud and sensitive and very conscious of its newly-won freedom. It has mighty problems of its own and wishes to live at peace with the rest of the world, but it is no longer prepared to tolerate any domination—or any behaviour after the old pattern of colonialism. Nor should we forget the millions of people who are still under colonial status in Africa and elsewhere.

The *National and English Review* of February 1951 has the following comment:

> Mr. Nehru is admittedly Prime Minister of India; but he is not prime minister of Asia or Africa, and he has no right whatever to pontificate on those subjects. If he means to imply that the Americans, Australians, British and others, who are dying in Korea at the hands of "peaceful" Asiatics, are behaving "after the old pattern of colonialism" —whatever that may mean—he needs to be reminded that his own country is spending about half its budget on military preparations against its neighbour, and that he is therefore in no position to lecture others on the inherent peacefulness of Asia.
>
> The three nations of the Indian subcontinent are fully fledged members of the commonwealth and no good can come of the pandering to them or treating them like hypersensitive neurotics. They are obviously quite willing to tell us what they think of us, and we should not hesitate to return the compliment.
>
> India and Pakistan, more especially, are not only the leading Asiatic nations of the commonwealth; they are also, as regards population, the two largest nations of the commonwealth. Yet their whole strength is at present turned inward and, while they are preaching peace to the rest of the world, they are preparing for war with each other over Kashmir.
>
> We do not suggest that either side is intent on war; their preparations may be purely defensive. We understand the religious principle which Pakistan is striving for, and the secular principle for which India stands. We appreciate, too, the economic importance of Kashmir, and the wider problem of minorities, with its inflammatory effect upon public opinion in both countries. Nevertheless we deplore their failure to reach an agreement, or at least some form of *modus vivendi*, which would enable them to co-operate actively with their partners in the commonwealth and other friendly powers in resisting the lawless use of force and creating a fairer balance of power in the world.

This quotation which I have just read is the west's analysis of Mr. Nehru and his motives, and although it is true in fact, it yet does not give us the background for Mr. Nehru's actions, or the motives that lie behind those actions. In this regard I further quote a page from a book called "A Prince of the Captivity" written by John Buchan, the late Lord Tweedsmuir, and former Governor General of Canada. I know of no other words so well written and put in such concise form to explain the oriental mind and its attitude to life in general.

In this book the author is describing an interview by a young man being trained for the intelligence service and who is sent to interview a character known as Mr. Scrope who is supposed to be a sage of the East. The import of those words to my mind is the secret of what is influencing the thinking of Mr. Nehru and the peoples of India at this time.

> Mr. Scrope seemed to have a genius for the discursive, but his reminiscences were directed to one point especially, the everlasting differences of east and west. His chief instance was the virtue of courage. The east he said, which did not fear the hereafter, was apathetic toward the mere fact of death, but it had not the same fortitude about life.
>
> It was capable of infinite sacrifice, but not of infinite effort, it was apt to fling in its hand too soon and relapse upon passivity. On the other hand the west when it had conquered the fear of death demanded a full price for any sacrifice. Rightly, said the old man, since man's first duty was toward life.

With all the good will in the world toward Mr. Nehru and the peoples of India and Pakistan, who are very lovable people, I

regret to state that their actions to bring about peace thus far in Korea are not based on peace through strength. To me they are based on peace by appeasement or peace at any price. To follow the leader of the East in this regard would be a fatal step for the West to take. It would be interpreted throughout the Orient as a sign of our weakness, and the Orient has always followed those who are strong and can enforce their strength. Furthermore it is a denial of our policy of peace through strength; and we in the West, however much we desire peace, cannot bring ourselves to believe that a just and lasting peace can be brought about by such means. The weakness of the United Nations lies in the fact that it has no official international force to maintain peace. It was the recognition of this fact that brought about the Atlantic treaty which we did so much to institute and which we are doing so much to maintain. For the first time in history we have today a United Nations force fighting to stop aggression. What happens in Korea could very well mean the dawn of a new era or the downfall of the United Nations. The issue is now joined for good or ill.

Ever since the world was created and man came to inhabit this earth two forces have been working to which all peoples are subject. They are commonly called the force for good and the force for evil. Man has been given a free choice in this matter. The struggle which we are now engaged in is a struggle for men's minds, and we as individuals and as a nation must make our choice as to what course we will pursue. We as a people and as a nation with long centuries of Christian tradition behind us cannot accept the idea of a communistic state whereby man is reduced to the status of a slave to the state. We must at all cost adhere to the Christian belief whereby we should treat our neighbour as we would have him treat us. If we are to resist the evil influence of communistic doctrine this nation must be united as never before. Already there are signs by the enemy in our midst to try and sow the seeds of dissension among us on religious and racial grounds. Whatever our honest differences may be in this regard it must never be allowed to divide us in this fight for peace in which we are engaged. This fight is nothing more or less than a fight for our very life, and it can only be fought successfully by closing our ranks and by a unity of purpose which should transcend all other considerations. We can win this fight only if we are united as never before.

There can be no real peace without freedom, neither can there be peace without honour. The freedom of Canada is involved in this struggle, it is a glorious heritage of our past; in this respect there can be no compromise. Our honour is involved also; there must be no question of where we stand on honour.

This is your country, it is my country, it is our country, it is Canada. Together then as Canadians let us go forward and win, faithful to the proud heritage which is ours, faithful to the principles of truth on which we take our stand, and above all our belief in the justice of our cause. I know of no better words than those of Kipling, who said:

> Teach us to look in all our ends,
> On Thee for judge, and not our friends;
> That we, with Thee, may walk uncowed
> By fear or favour of the crowd.
>
> Teach us the strength that cannot seek,
> By deed or thought, to hurt the weak;
> That, under Thee, we may possess
> Man's strength to comfort man's distress.
>
> Teach us delight in simple things,
> And mirth that has no bitter springs;
> Forgiveness free of evil done,
> And love to all men 'neath the sun!

Mr. Rodney Adamson (York West): Mr. Speaker, it is my intention on entering this debate to stress the fact that Canada has now come of age internationally. No longer are we to be permitted to hide under the policies of no commitments of the late Right Hon. Mackenzie King. We are now a full partner, and whether we like it or not other nations expect us to act our age. External affairs are now our most pressing problem. The problem of inflation, our military production, our manpower problems, our burden of taxation and the expenditure of priceless lives of our best citizens, all are due to forces which originate outside Canada. What I say about events which are taking place externally has an immediate effect on our national life.

It has been my privilege to have lived for the past three and a half months in central Europe, a considerable part of the time being spent in Russian controlled territory, behind the iron curtain. I believe this has given me an opportunity to view the present situation objectively and, to a degree at least, from the European point of view as I had not seen a Canadian newspaper or heard a Canadian political opinion from the second of January until my return recently.

The opinions I have are not likely to be popular. No conclusions are which must stress the danger of imminent war. We in Canada are fond, so fond, of talking about

what we want and shunning discussion of what we may get. What I propose to talk about is what we may get and the military consequences of our political wishfulness.

Up to the present the offensive from the military and political point of view has been taken by the Russians. The Korean war, the Viet Minh attacks in Indo-China, the bloodshed in the oil fields of Persia, and the rearming of eastern Germany are all part of the same offensive. From the debauching of the security council of the United Nations to the mockery of the meetings of the foreign ministers' deputies at the Palais Rose in Paris, the Soviets have been, and still are, the wreckers of unity. The western powers are still thinking defensively. We still believe we can deal through diplomatic channels with Stalin, just as we wishfully hoped to be able to do with Hitler. People who think this way furiously resent being called appeasers, yet their actions have the effect of appeasement, just as much as did Runciman's visit to Prague or Chamberlain's trip to Godesberg.

The first aim of Russia is to cause trouble, chiefly political trouble between the western powers. In this she has had a marvellous ally in the anti-American British press. In January when the first onslaught of the communist Chinese hordes all but drove the United Nations forces, including a United Kingdom and commonwealth brigade, out of Korea, the British press did nothing but cast doubts on the effective direction of the war. English papers were full of opinions about the folly of crossing the 38th parallel, despite the fact that most of them had said nothing when the forces under General MacArthur were approaching the Yalu river and the Manchurian boundary. When reverses took place, the British hatchet brigade in Fleet street was mobilized to a man.

Questions were raised about the fighting qualities of the United States troops. Even the *Times*, whose power to thunder has now degenerated, until it has merely the status of a pompous squeaker, with little worm words of petulance and pontifical editorials of corroding doubt joined the fray. If the United Kingdom press had no salacious sexual abnormality to report, they concentrated on some anti-social behaviour in the United States and treated American news generally either with derision or scorn. So obnoxious did this become that I, as a Canadian who was educated in England and regarded her as a spiritual home, turned away in disgust. I happen to know that my feelings were shared by many Americans in London. I say this here in the House of Commons in the hope that some notice will be taken of my protest. This campaign of derision and scorn carried on by the British press is in very truth playing Stalin's game.

In this connection this anti-American feeling which has been generated is referred to quite clearly in an editorial in the *Daily Mail* of April 26 where it is mentioned as being one of the most dangerous things we have to contend with in our fight for freedom.

Mr. Croll: Has the hon. gentleman never read the Chicago *Tribune*?

Mr. Adamson: Because there happens to be evil on one side is no reason to condone evil on the other. Two wrongs do not make a right.

On the continent it is apparent that there is a distinct rebirth of nationalism which I shall call neo-nazism. This has grown quite quickly in the past year and the causes for it are exactly the same as those which brought about the national socialism of Hitler. One of the reasons is that today, in both Austria and Germany, there is a degree of unemployment, varying in intensity in different sections, but everywhere serious enough to cause insecurity. This is intensified by the economic pressure on the labour market of many thousands of displaced persons from parts of Germany now ceded to Poland, and Volksdeutsch from Czechoslovakia and eastern Europe, as well as by refugees from communism who have escaped from behind the iron curtain. These latter people are stateless and are living on temporary permits as visitors more or less on sufferance. Their presence naturally undermines the wage structure. Under Hitler everyone had work and was paid in money that had real purchasing power. Today we must not ignore the fact that democratic principles are a poor substitute for security and a full stomach.

I would emphasize also the void left in the minds and souls of the Hitler generation by the defeat of nazism. These people had no other gods but Hitler and they are now suspended in a vacuum, finding little to cling to in democracy, which they do not understand. Fortunately, the older people are not affected and the youngsters of high school age are not contaminated. Having spent a day with a high school group, I found no trace of the old arrogance which would have certainly shown itself in 1938 or 1939.

The political significance of the surplus population problem was demonstrated recently in the provincial elections in Schleswig-Holstein. There a political party representing the voice of the displaced German national

has, I believe, actually elected the largest group in the legislature. The firm stand Chancellor Adenauer has taken against the Socialist Reich's partei, the neo-nazis led by men like General Heinz Remer, who frustrated the plot against Hitler, and Dr. Franz Richter, a fiery schoolteacher orator, is to be commended, but the coming elections may show Socialist Reich partei gains in the provinces of Rhineland-Pfalz and Lower Saxony.

The rest of the free world, but particularly Canada, has a responsibility to see to it that an effort be made to remove this surplus population and provide these people with productive work. I am inclined to disagree with statements that these people do not desire to emigrate, and from personal observation I would say that many thousands would come immediately if a real campaign was put on to get them. I will discuss immigration later, but just let me say in passing that we can be extremely proud of our immigration missions in Europe. They are doing a tremendous job under great pressure, and are in many cases seriously overworked.

The economic problems of central Europe are, apart from the hideous cost of an army of occupation, almost exactly the same as those which brought about the expansion of the Third Reich under Hitler. Austria, with a third of her population in the city of Vienna, cannot exist unless she becomes part of a Danubian block or unites again with Germany. With the Danube now a Russian river, the formation of a Danubian block seems impossible for many years. The economic urge for union with Germany will become inexorable, despite the statements of the present Austrian Chancellor, Dr. Figl, and the no doubt genuine feelings of other Austrian leaders. Austria is not and cannot be made into another Switzerland. Geography alone prevents it.

Coming now to Russian occupation of both Austria and Germany, it is my opinion that the Soviet power intends to continue this forever. The inescapable conclusion which must be reached is that the Soviet armies will remain in central and western Europe until they are driven out by superior force. The conference table is, as is being made abundantly clear at the Palais Rose in Paris, a symbol of futility, and the western diplomats who go to conferences with the Russians should be armed with automatic record players so at least they would be able to listen to music rather than the harsh, explosive invective of the Russians. They should also be awarded the "Order of Job".

The rearmament by the Russians of east Germany is now so obvious that it can no longer be disguised. The creation of an east zone "luft politzei", which in other words means an east German air force, has been observed by so many competent observers that its existence, size and composition have become generally known. Up to now it appears that the east German army is organized up to battalion formations. To train brigades or divisions, the German troops now under arms will have to be moved into Russian training areas in Germany. If this occurs this spring, as seems likely, it is an unmistakable sign that action, possibly similar in form to the outbreak in Korea, has been transferred from the realm of the possible to that of the probable. Here, Mr. Speaker, it has been reported that Russia has added in the last week to her thirty divisions already in east Germany.

The place to stop the Soviets is where they are now, not on the Rhine, and certainly not at the English channel. It is defensive thinking to talk about stopping the Russians on the Rhine; it is defeatist thinking to talk about stopping them at the channel. If we are to have allies in Europe, we must prevent their countries from being overrun, their industries either destroyed or working for the enemy, and their manpower aiding him, even though unwillingly. No European country wants to be liberated. They may be wrong in this, but nevertheless this is how they feel and this sentiment is very strong both in France and Italy. Never again must the free world allow the continent of Europe to be overrun. If we do, I say with all the emphasis at my command that our cause is lost.

Conditions behind the iron curtain in Germany and Austria have been reported on so often in the press that they have become generally known. Nevertheless, to actually see the devastation and wreckage caused by the Russians comes as a shock. The Russian has a character similar to the wolverine; for what he cannot use he spoils. I have seen such towns as Wiener-Neustadt where not only has the machinery been removed from the factories but the very buildings have been levelled until not a wall is left standing.

The difference in the attitude of the people in the western and Russian zones, both in Austria and in Germany, is immediately apparent. In the cities there is an ominous feeling of tenseness. In the country there is a sense of desolation. As one approaches the Russian zone, two things become apparent. The first is the tremendous courage of the people, and the second is the respect for the judgment of Winston Churchill and the tragedy of the naïve idealism of President Roosevelt.

The Russian occupying forces are treated by their own authorities with great suspicion.

Not only are they never allowed out of barracks on duty singly, but when not on duty they are constantly and continuously confined to barracks. The fear that they will become contaminated by the free world, particularly in Vienna, is very great. Even at the opera quite senior Russian officers never appear except in groups of three or more, and I never saw any other ranks at the theatre. The Russian on duty is invariably armed with an automatic weapon slung over his back. Checks and searches are frequently made in public places, on street cars, and in restaurants in the Russian zone, and any irregularity in one's papers or identification inevitably means a trip to the commandatur and at least questioning for several hours.

The number of people in Vienna who just simply disappear is enormous. This constant threat naturally keeps the people in the Russian zone in a perpetual state of fear. What the Russians are doing in the territory under their control gives us an idea of their intentions. Industries whose products cannot be used by the Soviet are either destroyed or their operation severely hampered. On the other hand, factories, mines, oil wells or any other productive enterprise whose products are of use to the Soviets are working at full speed, and all the goods produced are sent into Russia or used to aid the Soviet economy elsewhere. No payment of course is made for any natural product used.

Soviet propaganda is to be seen everywhere. Outside the Russian headquarters large glass-covered notice boards describe the joys of life in the Soviet union, and on all the public billboards Soviet propaganda of the most violent type, generally directed against the Americans, is displayed. To counter this the free world, with the assistance of the Marshall plan, has used some very effective measures, particularly at the recent trade fair in Vienna. In the east zone of Berlin, notices were displayed of the Rosenbergs, who were called martyrs for peace; and I was informed, although I did not see it, that there is a monument to Fuchs, also classified as a martyr for peace.

Nowhere in Europe was I so impressed with the courage and the fierce determination to resist as I was in Berlin. A visit to Berlin is a tonic, and one is reminded of the words of Schiller:

> The dignity of mankind is entrusted to you, guard it; it is you who degrades it; it is you who elates it.

Not only have the west Berliners set about the job of rebuilding their city from the greatest pile of rubble in history, but they have fiercely fought for their freedom. At the university several of the professors have been warned that their continued teaching of the evils of communism has marked them as enemies of the Soviet union, and therefore subject to instant liquidation if captured or kidnapped. Nevertheless they continue to preach freedom. The student body, instead of seeking sympathy and being filled with self-pity, is full of fight and working to rebuild Berlin culturally as well as physically. It would do a lot of good to a great many Canadian students who are today complaining of their life to spend a few months at this university. I would also like to see a number of our Canadian professors who are toying intellectually with the merits of communism and socialism to take a refresher course in courage and the dignity of man at the university of Berlin.

One would wish that the spirit of Berlin could be duplicated in all western Germany, but unfortunately this is not so and the old German trait of self-pity is again being practised. It must be said, unfortunately, that to a large degree the German today is unreformed and unrepentant. Nevertheless, and despite this, the western powers are forced to come to a decision in Germany almost immediately. As I have said, the place to stop Russia is where she is now, and to do this we must have the help of the western German. Therefore we are directly faced with the problem of rearming the Germans. It is my belief that this step must be taken and it must be taken at once. We cannot expect to get much support from Germany unless in the war we are now fighting we treat her as a full partner and give her full national status. The Germans cannot be treated as mercenaries, and they cannot successfully be formed into small units in a European army under non-German command. They will resent this and the feeling of neutralism which exists today will become more powerful. The German, despite what we may think of him, is a human being and has the same love for his country that any other national has. He cannot be persuaded to fight for some nebulous concept of democracy, but he can be persuaded to fight for the defence of his own country. Therefore it is necessary to face this difficult problem squarely and realistically. The free world must either be prepared to enormously enlarge its armies in Europe or we must recognize Germany as a full partner in the fight for freedom; otherwise we run the danger of losing Europe and, if we do, the cause of freedom may be lost forever.

I would like to pay tribute to the excellence of the work being done by the ECA. I feel it would not be too much to say that

had we not had this farsighted program, Europe today would be largely under communist domination. The work done by Paul Hoffman and his associates may prove to have been the turning point in our fight for freedom.

It is easy to get an impression of despondency and defeatism in the cities of Italy and France. Particularly is this true of Paris. As an example of this, I cite an experience I had in the early part of last month when there was a transportation strike and neither the busses nor the metro was working. The French army put on a number of trucks which helped to get the people to and from work. In each truck I rode in there was a notice to the effect that this service was being given to Parisians by their army. It seemed to me to be working quite satisfactorily, under the circumstances. However, I heard this remark made by Parisians several times during the strike: "Oh, the army this time has its transport ready so they will be able to escape and not be caught as they were in the Maginot line in 1940". To hear remarks like this and to see the horrible defeatism of the French intellectual is certainly disconcerting, and one would think that French pride was a thing of the past.

I do not, however, believe this to be the case because there has been a tremendous resurgence in rural France. Agricultural production has increased to a point where France is reported to have food for export; the electrical system on the Rhone is probably the greatest in Europe; French industry is producing in terms of goods 30 per cent more than it was in pre-war years; the birth rate has increased to the highest since the turn of the century; rolling stock on the railways has been improved, and the harbours rebuilt; communism, even in the worst unions, has declined by as much as 30 per cent, and I feel sure that if—and unfortunately it is a big if—the new electoral reform bill becomes law the number of communist members in the next chamber of deputies will be more than cut in half. Nearly 30 per cent of the 1951 French budget is to be spent for defence and even the collection of taxes has improved, until today the tax revenue of France expressed as a percentage of the gross national product is higher than that in the United States. All this, however, will be lost to the free world if France is overrun again.

Coming to the United Kingdom, I feel that there are certain forces at work here which are, to say the least, unfortunate. I speak of the efforts being made, consciously or unconsciously, to create trouble and cause friction between England and America. There is a growing feeling of what is called "bloody-mindedness" today in England. I certainly do not intend to discuss British politics, but I had the privilege of being in the House of Commons at Westminster when the question of the policy pursued by General MacArthur and his dismissal by President Truman was discussed, and the anti-American sentiment was very apparent.

There has been no time in history when Anglo-American solidarity was so important, and there has never been a time when North American unity has been so vital. Therefore anything which gives the communist party and the leftist press of Europe any opportunity to show dissension between England and the United States or Canada and the United States is most dangerous. In this regard I regret to state that the speech of the Secretary of State for External Affairs (Mr. Pearson) in Toronto provided the enemies of freedom with an excellent opening. I do not say that the minister should not have spoken as he did, although I think his timing was bad. And I do not say that any cabinet minister or any member of this house should be prevented from criticizing any action of the United States government or any individual in that government, or any individual American, with the utmost freedom. I myself in the past have severely criticized the actions of the United States treasury and its domination over the international monetary fund, and I propose to do so again during this session.

The speech of the minister was regarded by the forces now busily at work in Europe sowing Anglo-American discord as a wonderful opportunity to say that Canada too resented Yankee imperialism. The headlines in the English papers certainly intensified this feeling. I shall quote a few of them:

Manchester *Guardian*: April 11:—"Take more notice of Canada, Mr. Pearson warns U.S. . . . "

Daily Express, April 11:—"Canadian External Affairs Minister L. B. Pearson plainly told the U.S. Canada is not willing to be her echo." "He declared that both countries would get along better if the U.S. realized that Canada was not willing to be merely an echo and took more notice of what Canada did and said." "Not always easy. But these relations would not always be easy and smooth. There would be difficulties and frictions." *Daily Telegraph*, April 11:—"Canadian minister warns U.S. dominion will not be echo. Plea to settle friction." "A warning to the United States that Canada was not willing to be echo." "Mr. Pearson described Canadian-American relations as one of the most difficult and delicate problems of foreign policy that has yet faced Canada."

"Most Canadians resent being called a reluctant friend." Glasgow *Herald*:—"Delicate Canada-United States relations." The *Scotsman*:—"Canadian minister on relations with U.S. difficult and delicate problems."

Paris *Presse L'Intransigeant*: "M. Pearson laisse prévoir des frictions entre le Canada et les U.S.A."

These statements are not the statements of the minister, but they are the headlines showing the interpretation placed on his speech. Most of the papers are Conservative, but one can well imagine the field day the communist and leftist press had with this statement.

We are today in an acutely dangerous situation. No decisions which we can make are ideal; all involve compromise. I am convinced, however, that we must show the utmost courage and resolve. We face a ruthless enemy who understands nothing but force. The only way to treat communism is by quickly giving it a bloody nose wherever it attacks. Any nation or any form of government which has to lock up its troops lest they become contaminated by freedom is not a strong nation nor a strong government, despite the tyranny it practises and the number of divisions it has at its command.

There are abundant signs of great restlessness in the satellite countries. These signs may not lead to open revolt but, Mr. Speaker, man was not made to be a slave. Any individual, any regime or any country which tried to enslave mankind has always been destroyed. It may take time, it will certainly cost lives; but, Mr. Speaker, the time it takes and the lives it will cost can be lessened only by the western powers standing together in the fight for the freedom and dignity of man.

Mr. H. W. Herridge (Kootenay West): Mr. Speaker, last Saturday, for the first time in several years, I attended a baseball game between the Ottawa Giants and the Montreal Royals at Lansdowne park. While observing the game, and the large, intent and at least temporarily happy crowd, I thought, what a typically Canadian scene! There one saw Canada's highest ranking diplomat and some of his officials responding to a good throw or an exciting double play with the same mercurial manner as the school boy of tender years and smudgy face. Mr. Speaker, that and similar scenes across this country are of daily occurrence, and are constant reminders of the deep-seated foundations of our developing democracy. All we ask in the conduct of international affairs is that the tolerance and fairmindedness and the sportsmanship of the playing field be exemplified in the observance of international rules. I think, Mr. Speaker, that is all that Canada asks.

[Mr. Adamson.]

For the first time in human history, rules for the conduct of international affairs have been drafted by mankind, and those rules are now found in the charter of the United Nations which the Canadian people wholeheartedly accept and support. We cannot at this time expect complete agreement and understanding between nations. Deep-seated national interests and rivalries, varying traditions and experiences will, without doubt, for some years engender misunderstandings and disagreements. In my opinion these disagreements will not threaten the peace of the world if the nations of the world obey the rules laid down by agreement and found in the United Nations charter.

However, as people given to observing the rules, Canadians cannot stand idly by and witness strikes called against them when the ball does not pass over the plate. I believe, Mr. Speaker, the centre of interest and main anxiety in Canada at this time is Korea. After ten months, the military and political situations are no nearer solution. The group of which I am a member has given serious consideration to these most important questions, and the proposals I wish to make in this connection represent the consensus of the C.C.F. group in this house.

I listened with great interest to the remarks of the Secretary of State for External Affairs (Mr. Pearson) this afternoon. Before proceeding I believe it is only fair to say that we all recognize the very heavy responsibility he carries during these very difficult and trying times. Mr. Speaker, we admit that the minister has represented Canada in a splendid way at the United Nations. I am quite sure it is safe to say that the great majority of the Canadian people recognize his ability, his sincerity and his capacity. Mr. Speaker, we agree with the statement made by the minister when he indicated that the government supported the policy of localizing the conflict in Korea as far as possible. On an assessment of all the circumstances and conditions, we believe that is a sane and sound policy at this time. We also agree with the statement that the government considered that the position with respect to Formosa should come within the scope of the United Nations. I believe that is the only practical and sound way to approach that question.

However, Mr. Speaker, we cannot agree with the minister's statement that, for the present, the role of diplomacy must come second to military operations. At that point we differ with the minister in his statement of policy this afternoon. We in this group believe the time is opportune for another attempt to settle the Korean question by negotiation. I shall quote an excerpt from

a broadcast speech by the Secretary of State for External Affairs over the trans-Canada network on December 5, 1950, in which he said:

I know that the policy I suggest will be called "appeasement" by some. "Warmonger," "fascist," "appeaser," "red," "peace," "democracy," such words are now used so loosely and irresponsibly that their coinage has become debased. So let us not be frightened by words. The action which was taken at Munich in 1938 and which has made "appeasement" a byword, was open to two charges: That it was shortsighted because it was based on illusions about the nature of the government which was the aggressor at that time, and that it was shameful because it sacrificed the freedom of one country in the interests of the security of others. Neither of those accusations can be brought against the policy I have outlined. It is not appeasement. It is an attempt through diplomacy to reach a *modus vivendi* with the Asian communist world.

The United Nations commander in Korea himself has remitted to diplomacy the task of deciding what to do in Korea in this new situation created by Chinese intervention. It is the function of diplomacy to seek accommodation which can be the basis for stable relations between differing countries and systems. We have agreed in the past that some such accommodation with the Soviet union and its satellites is necessary. In the present circumstances, I believe it is our duty to make every effort to reach such a settlement.

After listening to the minister's remarks this afternoon in this connection, we believe there is a certain shift in emphasis since he made that speech last December 5. We believe that the conditions at the present time do present once more a favourable opportunity for negotiations. Negotiations have been stalled since the adoption by the United Nations of the United States resolution declaring China the aggressor. The C.C.F. believe that conditions have changed considerably since that time as the result of new factors that may favourably influence the political climate in which negotiations can be undertaken. In our opinion these two new and important factors are: First, that as the result of recent military events the United Nations would now be negotiating from a position of strength entirely different from the position that prevailed when the last negotiations were attempted. I want to quote in this connection from the statement by Mr. Chou En-lai, minister for foreign affairs of the Peiping government, December 14, 1950. This is what he said on that occasion:

This being the case, why does the United States delegate, Mr. Austin, now favour an immediate cease-fire in Korea, and why does President Truman also express willingness to conduct negotiations to settle the hostilities in Korea? It is not difficult to understand that, when the United States invading troops were landing at Inchon, crossing the 38th parallel or pressing toward the Yalu river, they did not favour an immediate cease-fire and were not willing to conduct negotiations. It is only when the United States invading troops have sustained defeat, that they favour an immediate cease-fire and the conducting of negotiations after the cease-fire. Very obviously, they opposed peace yesterday, so that the United States might continue to extend her aggression; and they favour a cease-fire today, so that the United States may gain a breathing space and prepare to attack again, or at least hold their present aggressive position in preparation for further advance.

We claim the situation has entirely changed today; that the United Nations can negotiate from a position of strength, and that the locale of fighting and the situation of the troops involved are more favourable for negotiations at the present time than they were last December. In our opinion this improved situation offers possibilities for a change of attitude on the part of the Peiping government. Further, we believe the second favourable factor is the removal of General MacArthur by President Truman. Without entering into this controversy, we in the C.C.F. are of the opinion that his removal means the removal of a dominant and provocative personality who is without doubt viewed by the Chinese people with intense bitterness and resentment. Governments, like individuals, are affected and influenced by personalities. History is replete with illustrations of how the removal of a statesman, an ambassador, or a general, has improved the relationship between nations, of how the removal of one personality from the stage of public affairs had made the writing of a treaty or the conclusion of negotiations a fairly simple matter.

To illustrate the validity of our argument, I need only refer to our own recent Canadian experiences. We all know that, without a change in conditions or circumstances, the change of a premier of a province has made possible the resumption of successful negotiations with the federal government that had previously been discontinued in despair. I use that as an illustration of what the removal of a personality in a certain situation could mean. In addition, we believe that the last reply of the Peiping government held out some hope that negotiations could be resumed under changed circumstances, and I quote from the statement of Chou En-lai:

The central peoples government of the peoples republic of China solemnly declares that the Chinese people eagerly hope that the hostilities in Korea can be settled peacefully.

Therefore, we propose that the initiative in this matter should be taken by our own Secretary of State for External Affairs (Mr. Pearson). We recognize his ability to undertake delicate negotiations and to approach a problem of this complicated nature in the right spirit and in the right capacity. We further suggest that he might propose to the Indian representative that his government

contact the Peiping government, while he approaches the United States government on the following specific proposals: first, that a conference be called of the representatives of the United Kingdom, the United States, the U.S.S.R., China, France, India and Egypt, and second, that this conference consider as its first order of business the arrangement of a cease-fire and armistice, with a demilitarized zone ten miles on either side of the 38th parallel. On the 15th of December, 1950, the group on the cease-fire committee recommended a demilitarized area across Korea of approximately twenty miles in depth, with the southern limit following generally the line of the 38th parallel. We suggest ten miles each side of the 38th parallel, because we firmly believe we should use every opportunity we can to demonstrate our desire to commence the negotiations on a basis acceptable to the people of the governments concerned. We further suggest that this zone should be supervised by a commission composed of representatives of nations not engaged in military operations in Korea. Third, we propose that negotiations should be commenced with a view to the progressive withdrawal of non-Korean forces from both sides, as the circumstances permit, and that this withdrawal be supervised by the commission I have mentioned, appointed to supervise the demilitarized zone. Fourth, we further propose that this conference should then give consideration to the establishment of a unified democratic government for all Korea, and the rehabilitation and reconstruction of the Korean economy. Fifth, finally, consideration must then be given to other outstanding far eastern issues, including the admission of the Peiping government to the United Nations. In that respect I want to quote Mr. Kenneth Younger, secretary of state in the British government, as reported in the Montreal *Standard* of May 5:

> Northampton, England, May 5 (Reuters). —Kenneth Younger, Britain's minister of state, said today Britain still hopes for an eventual peaceful settlement with communist China. "We believe . . . that the new China is entitled to take her place in the world," he told his constituents in an address.

We believe if the proposals we have outlined here can be attained in the order mentioned—there is no question of appeasement—then you will have attained a cease-fire, and if successful an armistice; you will have conducted satisfactory negotiations and you will have reached a stage where the Chinese government will have given some demonstration of its desire for a peaceful settlement of this most difficult question.

We believe that this conference should consider the Japanese peace treaty and also the question of Formosa, as mentioned by the Secretary of State for External Affairs.

[Mr. Herridge.]

I do not wish to take the time of the house at great length. I have outlined briefly the proposals which are the consensus of this group with respect to this particular problem at this time. As representatives of the Canadian people we believe it is our responsibility and duty to leave no stone unturned in our search for an honourable and lasting settlement of this very unusual problem. Approaching this question with a genuine desire for a peaceful solution, we must recognize the fact that mutual understanding is to some extent handicapped by several factors that do not enter into negotiations between nations of the western world. We must recognize the fact that the Chinese harbour some traditional resentment as the result of a century or more of exploitation by the nations of the western world. In addition we must appreciate the difficulties caused by language and our different ways of thinking—difficulties that can prevent an identical and mutual understanding of even a single written paragraph.

In connection with the understanding of the oriental mind, and the different thinking processes of the oriental as compared with the occidental, I should like to quote from an editorial which appeared in the *Christian Science Monitor* of recent date. The editorial, which is headed "What Makes Orientals Act The Way They Do," is as follows:

> Arthur W. Hummel, Director of Orientalia, Library of Congress, addressed the annual gathering last week of the American Philosophical Society, offspring of Ben Franklin's "Junta" that met in Philadelphia during the eighteenth century to discuss the promotion of useful knowledge. He singled out certain aspects of Chinese culture regarded as characteristic and pertaining to the survival of the traditional Chinese world view, now menaced by an overpowering alien philosophy.
>
> If we are to maintain durable peace and if the people of Asia are to be helped by the Point Four program, it seems time for the western world to learn a bit about the traditions of the Orient and understand the Oriental viewpoint. Absorbed as we are in intellectual and moral values derived from Greece, Rome, Palestine, and Egypt, we forget that half the people of the world have mental and moral treasures equally as old as ours that came to them through other channels.
>
> As Mr. Hummel pointed out, while the philosophies of Confucianism, Taoism and Buddhism are not wholly unrelated to ours, they stress aspects of thought and conduct that we have not explored. In a rapidly shrinking world it is highly important for us to understand them, even though we are by no means obliged to accept them.
>
> The unwavering Oriental insistence, for example, that the means are as important as the ends, that tact and good taste are necessary ingredients in every act, are matters of considerable moment in world affairs.
>
> Today surely it is plain that for a well-rounded education some thought should be given to Oriental history, traditions, and moral values in western institutions of higher learning.

On a sphere such as our planet there can be no favoured spot or favoured people if harmony is to prevail.

Mr. Speaker, there must be great allowance made for the difference in the thinking processes of the oriental and occidental minds. On our part we must not allow any personal pique or prejudice to influence our willingness to negotiate. We must not only view the events of yesterday or of recent years, but must understand the background provided by a century of western exploitation. Any student of history knows that the western nations have dripped some large and dark blots on the pages of history in their dealing with Asian people. Without a doubt, in China particularly the Boxer settlement, extraterritorial concessions, the customs imposts and the history of the opium trade make it necessary, if we are to approach this question with understanding, to do so with a total perspective of all the factors involved. The stakes are too high for anyone to indulge in acrimony or bitterness.

Therefore the C.C.F. urges the government to give consideration to the proposals I have just outlined. We believe sincerely that if these proposals are accepted they will further indicate the high purpose of Canadian policy as already demonstrated by the work of the Secretary of State for External Affairs (Mr. Pearson) at the United Nations, and in his relations with other countries. We sincerely believe that the present circumstances do provide an opportunity for all concerned to conclude this matter to the advantage of all mankind. In that respect we differ from the minister's statement of this afternoon. Should we fail, the record will bear witness to our good intentions, and our desire for the building of peace between the Chinese and Canadian people on the basis of justice, equity and mutual respect.

Mr. Howard C. Green (Vancouver-Quadra): Mr. Speaker, as a member from one of the west coast constituencies of Canada I should like to make a few remarks in the debate, more particularly because of the statements made this afternoon by the Secretary of State for External Affairs (Mr. Pearson). I did not agree with several of those statements, and I think they should be discussed thoroughly in the house and in the committee on external affairs in the hope that it will be possible for Canada to arrive at a policy which will be more in line with the best interests of the country.

Before going on to place my thoughts before the house, may I say simply to my very good friend, who has just delivered an eloquent speech, that I believe sincerely if the policy he has advocated were carried out it would not have the effect he and I and all members of the house hope for, which is world peace, but would probably have just the opposite effect, and be the cause of a third world war.

Today the great problem facing all the free nations is the threat of communism. That threat of course is world-wide, including threats right here in our own homeland of Canada. The threat must be met on all fronts. We cannot let Asia go and concentrate on Europe. And of course the reverse is true, that we cannot let Europe go and concentrate on Asia. I believe it is a great mistake when people line up behind a policy either of "Europe First" or of "Asia First."

I can understand why European countries would play down the Pacific, and why Asian and Australian countries would play down the Atlantic. But for our nation of Canada both of these areas are of vital importance. After all, we are a North American country facing on both the Atlantic and the Pacific. Furthermore we lie between the United States and Russia and certainly in the event of a third world war Canada would be under attack. So I suggest we must look on this problem as a global rather than an Atlantic problem or a Pacific problem.

For nearly a year the greatest threat has been in Korea. The Secretary of State for External Affairs (Mr. Pearson) expressed that clearly in a statement he made to the federal-provincial conference on December 4, 1950, when he used these words:

At the moment, the focus of our hopes and fears is Korea. We must strive to find a solution to the grave and menacing problem that has arisen there.

That is still the situation. Korea is still the centre we must watch. Here in this house we should consider what Canada's attitude should be on Korea. I would point out to hon. members that what is going on in Korea is a United Nations show. North Korea attacked South Korea and all in due order the United Nations branded North Korea as an aggressor and for the first time took collective action against aggression. The minister will correct me if I am wrong, but I believe they decided not only to take action against aggression but to unify Korea.

As we all know, our forces were successful at first. The war against North Korea was practically won by the United Nations forces. Then communist China joined in the aggression and in spite of the fact that such action had been taken the members of the United Nations went to every possible length to bring about conciliation. I do not believe that there was one stone left unturned in an attempt to work out a peace settlement. Many

of us wondered whether the United Nations were not going too far in the efforts that were being made to bring about such a settlement. When one remembers that, it is hard to understand that a party in Canada would get up here and demand that conciliation steps should be taken under the present circumstances.

The communist Chinese have never shown any sign of regret or any sign that they felt they were in the wrong. In due course they were branded by the United Nations as aggressors, just as North Korea had been some months earlier. Yet they continued, and have continued right up to tonight, their barefaced aggression. They have continued to try to drive the United Nations forces into the sea. That is their objective. They have announced it time and again and their actions in the last week or two have proved up to the hilt that that is what they aim to do. They are not sacrificing thousands and thousands of men for nothing; they aim to drive the United Nations forces into the sea.

That should make every member of the United Nations not with the communists pause and consider what attitude should be adopted. I suggest to the minister that the aim of all members of the United Nations who are with us, certainly the aim of Canada, should be to gain victory in Korea just as quickly as possible. The whole future of the United Nations is at stake. It must be shown that that organization is able to stop aggression in Korea. If the United Nations forces are defeated in Korea, the United Nations is dead as an effective world organization. Our hopes of world peace will be gone. I believe that the situation would not be very much better if the United Nations now offered to make a settlement with the communist Chinese before they have been beaten. That too might very well mean the end of the United Nations.

Canada should consider and advocate steps to win this United Nations war. This is a United Nations war that we are fighting and it must be won. I cannot understand what would be wrong with placing a strategic embargo against communist China. The minister said this afternoon that Canada and all other nations were against any such action.

Mr. Pearson: I used the expression "naval blockade", which is quite different from a strategic embargo. We already have an embargo on armaments and such things to communist China.

Mr. Green: We have not the kind of embargo the United States is asking for. I have here a press dispatch from Lake Success dated May 4 as follows:

> United States urges "strategic embargo" against red China.
>
> The United States pressed today for a United Nations "strategic embargo" against communist China in the face of British commonwealth objections to the timing of such a move.
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> In outlining the arms embargo plan to reporters last night, American delegate Ernest A. Gross said: "I don't think that any nation backing the UN action in Korea could object to a program ensuring that no soldier in Korea should be the target of a bullet manufactured in the free world."

In today's evening papers we find an article headed, "Britain limits shipments to red China." The British are now taking steps to stop this trade with China. I suggest that Canada should be endorsing this request of the United States right up to the hilt.

Mr. Pearson: I do not want to interrupt my hon. friend's speech, but I can clear up that point right now. The proposal which he has read from the newspaper is one which the Canadian delegation to the United Nations has supported. That proposal does not go as far as the steps we have already taken in the control of strategic goods going from Canada to communist China.

Mr. Green: That may be, but there have been goods going to China from other United Nations, as witness the statement made today in the British house.

Mr. Pearson: I am talking for Canada.

Mr. Green: Canada should be advocating an embargo against communist China. I do not see any reason why there should not also be a naval blockade. It is all very well to be idealistic and theoretical, but we must remember that tonight in Korea young Canadians are being killed by Chinese. The Chinese have been killing them for some weeks and with the next few days hundreds more may be killed.

Just about thirteen or fourteen years ago we saw this same policy being carried out in Vancouver. Under the bridge over which I travelled each day by street car to go to work I could see the Canadian destroyer *Vancouver*, which I believe was on loan from Great Britain, being broken up into scrap which was to be sent to Japan to make steel. We protested in this house about scrap metal being sent to Japan, and the longshoremen on the coast refused to load those ships. The answer we got in parliament was, "Oh, well, if we try to stop that we will make Japan angry, and she is apt to fight." Now we are getting exactly the same argument from the government, that we cannot do this or we cannot do that, because if we do the Chinese communists may get angry.

If the Chinese communists do not get angry then the Soviets might get angry and we might get into a war. Yet all the time the Chinese are killing our men just as fast and in just as large numbers as they are able to. This sort of thing is ridiculous. The Canadian government should make up its mind that Canada is in a United Nations war which has got to be won, and that our one objective should be to win that war.

The minister also said this afternoon that he was against the bombing of Manchurian bases unless the Chinese air force began to get nasty and to do too much fighting over Korea. He said that perhaps it would then be all right for General Ridgway to send his planes to bomb the Manchurian bases. Surely when you are in a war your objective is to win it just as quickly as possible. I do not think it has been fair throughout for the politicians at Lake Success to put all these wraps on the generals who have been trying to win the war. Not only are there air bases in Manchuria from which planes can come but there are also military bases. From these military bases the communists have been coming in their hundreds of thousands. They are being equipped and supplied from these military bases. I suggest that we should not tie General Ridgway's hands in dealing with these bases. If it is necessary for him to bomb them in order to win the war, then let him bomb them.

Then there is another thing. Why should Chinese nationalist troops not be used in Korea? Why must Canadian and American troops, and troops of other members of the United Nations, do all the fighting and Chinese nationalist troops not be used? Nationalist China is a member of the United Nations. She holds one of the permanent seats on the security council. According to the little booklet of documents on the Korean crisis tabled earlier in the session, nationalist China offered on July 3, a little over a week after aggression started in Korea, three infantry divisions and twenty C-47's. The offer was turned down.

Last Friday or Saturday General MacArthur in his statement to the United States committee told them that last November, when his troops had their backs to the wall and when battle conditions were so tragic, he asked permission to use 30,000 or more Chinese nationalists troops to help stem the red Chinese onslaught, and that that request was refused because, for one reason at least, some of the other nations, which presumably included Canada for the commonwealth countries were mentioned, objected to it. The result was that the United States did not feel she could use those troops. No one is advocating sending United Nations troops to the mainland of China. General MacArthur has been very careful to say that he had not and would not advocate that, but surely those troops could have been used in Korea to help repel the aggressors.

We talk about the Americans going to extremes but we are apt to do the same thing ourselves. Look at the attitude we adopt towards the two groups of Chinese. A few years ago Madame Chiang Kai-shek spoke to us in this chamber. Members who were here at the time will recall how we thought she was perfect. We could not do enough for China. We were full of sympathy for the Chinese nationalists; I have never seen any stronger reaction than there was right in this chamber at that time. Today the attitude, as expressed by both C.C.F. speakers, is that nothing could be worse than the nationalist Chinese. Apparently they are just the last people on earth that we should think of helping.

An hon. Member: No.

Mr. Green: That is the attitude, and on the other hand the communist Chinese seem to be all right. They should be offered peace. We should go out of our way to try to negotiate with them. Yet just about a week ago we read in the press of the kangaroo trials in Canton broadcast over the radio to Hong Kong; people were being tried by the citizens court and rushed off to be shot. People are being murdered probably by the hundreds of thousands by these same Chinese communists. Let us not lose our sense of proportion. I cannot see why nationalist Chinese troops are not good enough to fight against communist Chinese troops if that can be arranged, and apparently it can.

There is one other step that Canada should take to help win the war in Korea. I believe that Canada should demand in the United Nations that all members of that organization who were in favour of fighting aggression in Korea get in and do some fighting. Why should there only be fourteen countries doing any fighting? If there are many cases of that kind the United Nations cannot survive. This is a joint effort. We are in a United Nations war, and every member of the United Nations which voted for the war should be supplying troops. I hope that the Canadian representatives will have the courage to take that stand in the debates in the United Nations.

A lingering war such as is going on in Korea at the present time can only bring damage. What is taking place there now is what is going on in Indo-China and Malaya

only on a much larger scale. The Chinese communists are not likely to stop fighting and apologize for what they have done. They have to be defeated, and Canada and the other members of the United Nations might just as well face that fact. Remember that in Asia the stakes are high. Several hundred million people of Asia are standing on the sidelines watching to see which way this fight is going to go. The situation is quite different from that in Europe, where practically every nation is committed. In Asia there are several hundred million people just watching to see which side wins.

The United Nations must decide whether or not it wants the Korean war won. I believe that decision must be made by the United Nations at this time. I do not believe that the attitude of the Secretary of State for External Affairs this afternoon was very helpful. If his attitude is general among the statesmen representing all the nations there is little hope of the United Nations winning the war in Korea. There must be less emphasis put on trying to keep from offending the communists and far more put on victory. The emphasis should be laid on victory and not on appeasing these aggressors.

You see, the minister's stand today in effect meant this: that if the Chinese communists go back above the 38th parallel and then say they are not going to fight any more, that they are sorry they killed so many Americans, Canadians and others, then Canada would be in favour of negotiating over Formosa; Canada would be inclined to give them Formosa; and Canada would be willing to discuss allowing communist China to become a member of the United Nations and take the permanent seat on the security council. I am afraid there is too much homburg hat direction in the fighting of the war in Korea. I think we would get ahead a great deal faster and get the war over a great deal sooner if we let the generals do the managing.

Mr. Pearson: Brass hats, not black hats.

Mr. Green: For example, when the minister was speaking today about the folly of an economic blockade of the China coast, I thought he was stepping into the military sphere, and that he would have done far better to confine himself to diplomacy. This affair has now reached the stage where the lives of young Canadians are at stake; and this war must be won. If the war is not won, if the aggressors are not defeated, in my judgment those lives will have been given in vain.

So much for Korea. As I have pointed out, it is a United Nations show, the only one; and it is the only one we are likely to have for a long time. We were only able to get into it by reason of the fact that the Soviet was sulking and not attending meetings of the security council at the time the aggression arose. She is now back in the council, and would veto any action should a similar situation arise in future.

Canada's foreign policy has been defined from time to time by the minister and the Prime Minister (Mr. St. Laurent) as being primarily to support the United Nations; and we all agree with that as a first policy. The second policy has been announced as reliance upon regional arrangements, of which the North Atlantic treaty organization is an example. Of course the troops who go to Europe will not go as United Nations troops, as was the case with those who went to Korea. Those going to Europe will go as troops of the North Atlantic treaty organization. That treaty seems to be working out fairly well, and I think everyone in this house supports the actions that have been taken under it. Mention was made of the treaty in the report of the external affairs committee which sat last session, where you will find this reference:

> Your committee approves of the action taken by Canada under the provisions of the North Atlantic treaty in the interests of preserving world peace and security.

Then the committee went on to add:

> Your committee recommends that increasing attention be given to the Asiatic zone.

You see, Mr. Speaker, in the Pacific area there is no such regional arrangement.

Mr. Croll: Does the hon. gentleman know that Australia and New Zealand have entered into a regional arrangement with the United States without regard to the rest of the commonwealth, and without discussions with Great Britain?

Mr. Green: I am coming to that in a moment. As a matter of fact that arrangement has not been completed.

Mr. Croll: The British papers say it has. Mr. Morrison said so in his speech.

Mr. Green: I believe there is no such regional arrangement in the Pacific completed as yet. I suggest that Canada's policy for the Pacific area should be to be ready to combine with the other nations to provide security in that area, and to encourage economic collaboration. Of course under the North Atlantic treaty provision was made for economic collaboration as well as for security

measures, and the same thing would be true of a treaty for the Pacific. The United States, Australia and New Zealand are making a start. For her own safety Canada should join with those nations. Personally I cannot understand why Canada has not joined with the United States, Australia and New Zealand to set up a regional pact in the Pacific. I believe we will be losing a great opportunity not only for the present but for all time if we do not take steps to join such an organization. Perhaps the United Kingdom and France could also be members. I have here a press dispatch of April 25 headed "Britain now hopeful of being included in Pacific pact". Apparently the British feel they were left out. The dispatch is from London, and reads:

> The Labour government, under fire in the House of Commons for failing to get in on the proposed Pacific pact between the United States, Australia and New Zealand, hopes to be included when wider security arrangements for the area are made, a spokesman said.

I see no reason why the Philippines should not be a member, and the other Pacific nations as they become stable once more. So for the Pacific area I urge upon the minister once more that Canada should promote the establishment of a Pacific defence pact.

Then I believe we should insist that Formosa must not be turned over to the Chinese communists. It is vital to Canadians on the west coast as a defence measure that Formosa should not be in the hands of our enemies. Those who heard General MacArthur speak a few days ago will remember how he pointed out that before the last war the western strategic frontier of the United States was on the littoral line of the American continent, with what he described as an exposed island salient running out to Hawaii, Midway and Guam to the Philippines. He went on to say that this salient proved to be a great menace in time of war, that the Japanese had attacked by coming along the salient. He then explained that as a result of the victory in the Pacific a strategic frontier had now been established along the line of islands just off the Asiatic coast including Japan, Formosa and the Philippines. He pointed out very clearly that this line was not for offensive action but for defending this North American continent, and that if any part of that line were to go—if for example Formosa were to be given over to an enemy—then the whole line could be broken down from Formosa. Japan could not be held, probably the Philippines could not be held; and he concluded with these words:

> Such an eventuality would at once threaten the freedom of the Philippines and the loss of Japan, and might well force our western frontier back to the coast of California, Oregon and Washington.

He did not mention British Columbia, but the frontier of Canada in the Pacific area would then be forced back to the coast of British Columbia. I believe that those Canadians who live on the Pacific slope are entitled to ask of this government that Canada take the stand that Formosa must not be turned over to the Chinese communists. Let us maintain our line of defence on the far side of the Pacific, and not on our own front doorstep.

Thirdly, in the Pacific, I agree that Canada should give openhearted support to such plans as the Colombo plan, or any plan under the United Nations that will help the underdeveloped countries of Asia. I believe that a worth-while step has already been taken in that direction, and that Canada has in those parts of Asia a great store of potential good will and great possibilities for trade in the future. Certainly, so far as I am concerned, I heartily endorse everything that can be done to help those countries of southeast Asia.

Finally, Mr. Speaker, I wish to say a few words on the British commonwealth. I suggest that Canadians, in these days of a two-power world, a world with the United States on one side and Russia on the other and with everyone caught in between, are getting a clearer realization of the value of the commonwealth. Thoughtful Canadians are wishing the commonwealth stood today, as it did in the recent war, as a third great world power. The value of the commonwealth in the world today is tremendous for many reasons, some of which are that the commonwealth must, of necessity, be for peace. It is so scattered about the world that it must stand for peace. Then, the component parts have shown that they can work together as equals in a manner that has never been accomplished by free nations in the world before. It links countries of Europe, Asia, Australia, Africa and North America; links the east and the west, the north and the south, and links diverse races. It has had great experience and has great patience in world affairs. These are all facts which today give the British commonwealth great value in the world.

Canada, because of her geographic position, because of her friendliness with all the members of the commonwealth, her understanding of the United States and her increasing

strength, occupies a position of great responsibility and great opportunity among the nations of the commonwealth. I hope that the policy of this government, and the policy of Canada for all time, will be to maintain and strengthen the British commonwealth.

Mr. J. M. Macdonnell (Greenwood): Mr. Speaker, when one gets towards the latter hours of a debate like this and undertakes to detain the house further, one is reminded of something I once quoted in this house, that devastating comment which Churchill once made about a speech, and one fears one may fall into the criticism he made. He said of a speech that parts of it were true and parts of it were trite; the parts that were true were trite, and the parts that were not trite were not true. I hope I shall not fall wholly into this criticism, but if I do at any rate it will probably be brief. I do not propose to comment at length, or indeed at all, on the minister's policy in Korea. My colleague the hon. member for Peel (Mr. Graydon) and more lately the hon. member for Vancouver-Quadra (Mr. Green) have spoken on that.

What I want to ask the house is, in the light of these serious things which we have been hearing today, in the light of the discussion which we are assured, and which we indeed believe, affects our very survival as a nation, how many people in this country by their day to day actions show that they have the slightest realization of this? I would think that a very, very small fraction of the people of Canada would fall into this category. The only ones I can think of who by their day to day life show they have the slightest personal realization of it would be the relatives of those who are already in the fighting line, and those whose work has been dislocated by the changeover from peace to defence activities. I doubt very much if anyone sitting in the gallery of this house today would have got the slightest feeling that there was any sense of urgency. The last thing in the world he would have thought was that we were here representing a nation of people who were troubled about their very survival. I am not foolish enough to suggest that we should get excited and look as if the end of the world were coming. I do suggest that it is a matter for very serious questioning as to why these facts are facts, if I am right in stating them as I do. Why is it?

I suppose that I would say, first of all, there has been no real sense of urgency. I will not say it has never been indicated by the government, because I have no doubt the words have been used. There has been, however, no real putting of it across. When the labour estimates were being considered a day or two ago there was a reference to an advisory committee which was appointed with a great flourish of trumpets last February, I believe, after an address by a leading industrialist which was supposed to shake us all up and nearly make us all over again. As I understand it, that committee had an inaugural meeting, and I presume a dinner or something of the kind. Then they separated to their various places of abode, and so far as I know they have never been back. They are not going to come back, either, for some little time. There is no chance of finding any sense of urgency there.

Then, there is the statement which the Prime Minister (Mr. St. Laurent) made or which was attributed to him—I do not want to be unfair about it—the fifty to one shot. All I want to say about that is that it did its damage. Whether or not he said it or whether he should have said it, I am not going to comment upon that, but so far as I know there has never been any effective action to counteract it. I gather that people who have the responsibility of office, and the infallibility which comes from that, find it impossible to ever say directly they are wrong. Sometimes, by indirection, we feel that they have been wrong; sometimes we think it is possible they may even know themselves they have been wrong, but we know they will never say they have been wrong. However, there are ways, indirect ways, of countering that unfortunate statement, but they have never been attempted. I suggest very earnestly that the feeling still remains that all this talk about danger and the need for a defence program—all it has meant has been full employment and the high cost of living. Of course, we shall hear more about that, but it has not been with us long enough to really sear people's souls as it will later.

I want to turn to another aspect of this important situation. I suppose everyone will agree that, in the circumstances in which we find ourselves today, the relationship between ourselves and the United States is a matter of overwhelming importance. The other day I was speaking with a group of school boys, and I wanted to see how this thing appealed to them. They were boys who, I imagine, in the United States would have been subject to conscription, so I was interested in ascertaining whether it ever occurred to them to wonder why we were so free from anything of that kind; why they were not only free from conscription but they were even free from any sense of duty towards their country. I asked them about it, and so far as I could discover their feeling was: after all

this is a United States affair and we are out of it, and that is lucky, and we can have things that they cannot have in the United States; and they just let it go at that. In these circumstances I propose to refer to what has already been referred to, namely, the speech made by the Secretary of State for External Affairs (Mr. Pearson) on April 10. It seems to me so out of line with the other things that he has said, nevertheless I do not think it can be set aside and regarded just as a little *jeu d'esprit* which perhaps might better not have taken place, but which is over and done. It raised of course in my mind the question of the multiplicity of speeches which are being made on festive occasions by ministers in these times; and the Secretary of State for External Affairs I think probably is more subject to that kind of thing, because after all he is the Secretary of State for External Affairs and I have no doubt he gets many requests of this kind. It would be a very bold person indeed who would say that none of these should be accepted. After all, it is a recognized thing on the 9th of November, if I have the date right, usually to have a statement on external affairs made in Britain. I am not sure whether it is the prime minister or the minister for foreign affairs who makes the statement. But there is always a certain danger in these speeches to outside audiences. There is a certain desire to be entertaining and fresh, and to say something exciting to make them feel they have got on the inside; and of course if the things said are things which have not been said anywhere else it is even more diverting to them. Whereas when speeches are made in this house you have the chilly glare of members, if they happen to be in the house listening to you, you have the chilly fact of looking at them, and you are much more likely, I think, to weigh your words.

Perhaps we might say that that is the reason that the minister stepped aside a little on that day. At any rate, it seems to me unfortunate, and it seems to some other people unfortunate, because I think he has left rather widespread the impression that we in Canada have in fact a lot of grievances and that we really feel very edgy towards the United States. Speaking for myself, I have no such feeling, but a very contrary feeling. As a matter of fact I am going to quote from the minister, things which show that he also usually has a very contrary feeling, and that is what makes me more than ever surprised, how we ran into all this, how he said all these things on that particular day.

But first of all, I wish to read just a short passage from the Hamilton *Spectator*, a fairly independent paper of course. It says:

> It is regrettable that Mr. Pearson (or some behind-the-scenes prompters) should have directed a taunting lecture to a people who are now facing an intense domestic storm while they fight a disturbingly difficult war ordered by the United Nations. It does nothing for unity.

Then I propose to quote just a short extract from the Montreal *Gazette* of April 12, which expresses exactly my own feeling: I do not think there is any feeling throughout Canada of grievance, or that we have been pushed around. The article is entitled: "Are they pushing you around?" And it begins:

> Most ordinary Canadians, it would seem, don't harbour any sense of smoldering grievance against the United States. They are more likely to thank God that we are as near as we are, and as inwardly close as we are. For this reason anyone who attempts, in however subtle a manner, to cultivate a sense of grievance where none really exists is doing both nations a very poor service.
>
> For some time certain Canadians have been writing articles (many of them in American magazines) in which they have pointed out that Canadians are pretty well fed up with the treatment the United States is giving them. They are sending public memos to Uncle Sam to tell him so.

Later the article says:

> Possibly those who move at diplomatic levels have special occasion to feel slights and pricks that fortunately do not torment those who lead a more normal Canadian life. This may explain why many Canadians may not quite understand the sources of Mr. Pearson's evident annoyance.

I want now to quote from the Secretary of State for External Affairs himself; I want to quote first of all what he said in his speech on April 27, and which indicates what I would imagine to be the minister's normal feeling toward the United States, and certainly what I would hope is his normal feeling. Speaking of the United States, he said:

> We in Canada know this country and its people well. We know them as good neighbours who respect the rights of others, who don't ask for or get automatic support from smaller countries through pressure or threats or promises. We know that they accept the fact that co-operation between large and smaller countries can only exist on a basis of mutual confidence and mutual respect.

This speech came after the other one on April 10, and I think perhaps the minister was to some extent softening up what he had said before. This afternoon I took down two or three of the things which the minister said, and which are very much along the same line. He spoke of the United States as having "unquestioned leadership of the free world". He said that we "can view this historic development without apprehension", and he spoke of the United States, "whose people have no desire to dominate other

countries"; and again he said, "we have good reason to believe that they will discharge their responsibilities with courage and respect for the rights of others". These seem to me to be eminently proper sentiments. I am sure they are very sincere, and they make me wonder more than ever why we had the speech of April 10 at all.

The seriousness of it I think was indicated this evening by the hon. member for York West (Mr. Adamson). He had told me before of his feeling that the speech of the minister, freely quoted evidently in Europe, had been used by all these people unfriendly to the United States as showing that we, who are ordinarily considered to be so friendly to them, through our Secretary of State for External Affairs, were virtually accusing them of what other people had been accusing them, namely, pushing people around, and all the unpleasant things which certain leftist elements in Europe are constantly attributing to them. Perhaps the evidence of the hon. member for York West had made me feel much more deeply than I had before how unfortunate this was and how desirable it is that whatever can be done to set it right should be done. This afternoon's *Journal* has an indication which seems to me very strong that the idea of pushing around was remote. It gives an account of what General Marshall said today before the committee in Washington. I read the summary:

> Defence secretary Marshall disclosed today that 13 United Nations allies last December vetoed an urgent United States recommendation for "hot pursuit" of Chinese red warplanes for a stated distance over the Yalu river in Manchuria.
>
> The "hot pursuit" plan was approved by President Truman and secretary of state Acheson. But the 13 other United Nations involved in Korea—

That included Canada, no doubt—of course it included Canada. I continue:

> But the 13 other United Nations involved in Korea, "voted solidly against it."
>
> "So for the time being," Marshall said, "we had to drop that."

Now, Mr. Speaker, there you have as clear an indication as you can have that in that particular instance far from being pushed about it was anything but being pushed about anywhere. Our views and the views of others, no more important than ours, were given full effect to. In the light of that I am going to read not at length but nevertheless I propose to read something from what the minister said in his speech of April 10, which I am objecting to.

He said:

> Most of us resent being called, by certain people in the United States, a reluctant friend because Canada, a smaller power with special problems of her own, ten years at war out of the last thirty, on the threshold of a great war and essential pioneer development, and with half a continent to administer, was not able to match, even proportionately, the steps taken by the United States last June and subsequently, which were required by United Nations decisions about Korea.

[Mr. Macdonnell (Greenwood).]

And then later the minister said what surprised me very much:

> Canada, in my view at least, in not making the adjustment more quickly, should surely not be criticized more than, say Argentina or Egypt, or Sweden.

I must say that seemed to me terribly out of line with the rather proud things that we have said about ourselves, and our sense of responsibility, and so on. Now we are asking to be considered on no higher basis than Argentina. It is surprising that the United States should wish to treat us on a somewhat higher basis.

Then the minister said:

> The days of relatively easy and automatic political relations with our neighbour are, I think, over. They are over, because, on our side, we are more important in the continental and international scheme of things, and we loom more largely now as an important element in United States and in free world plans for defence and development.

And I might quote at greater length. However I do not think I shall because I have indicated enough to show the line the minister took. I have indicated also that, so far as I am concerned, and so far as I can discover from talking with other people, this temper of the minister, this attitude the minister showed in making his speech, is not typical of others and, as I said earlier, I hope it is not typical of the minister either. But responsible people have to be responsible for the things they say.

One other thing I wish to bring to the attention of the house, and that is that there is a practical aspect to this. We have not only diplomatic relations with the United States, but we have business relations. The Minister of National Defence (Mr. Claxton) not so long ago, in another of these speeches delivered outside the House of Commons—and a very interesting speech—delivered this time in the United States, and speaking to the American Arbitration Association, referred to the problem of defence and the difficulties connected therewith. He mentioned the question of American orders in Canada for materials of war, and Canadian orders in the United States. These figures are of particular interest to us now, when it looks as though we are suffering or in danger of suffering from an adverse balance of trade. In part the Minister of National Defence said:

> We would make in Canada for ourselves and for the use of other North Atlantic treaty nations equipment which, with orders from you,—

That is, from the United States:

—would be produced in Canada as economically and rapidly as anywhere else.

And then later in the speech he said:

This sort of balanced arrangement is beginning, but just beginning, to work out. During the last nine months—

And this speech was made a month ago, on March 30:

—of 1950, you had placed firm orders with us for a total amount of about $17 million. We placed firm orders with you for a total of about $159 million, but there was a lot more under consideration. We expect that our expenditures in the United States on defence equipment of $65 million in 1950-51 will reach something like $300 million in 1951-52.

Here is a very important consideration. Here is the Minister of National Defence going to the United States, speaking to a very important audience and making a plea to them. Really, he is acting as a kind of high-class sales agent—and very properly, too. But certainly I doubt very much if the best way to make Americans well disposed to buy from us is for the Secretary of State for External Affairs to be banging the United States on the nose at the very moment the Minister of National Defence is trying to get them to buy more goods from us.

In the diplomatic world of course there may be ways of doing things that the rest of us, who have had experience only in the lower spheres, do not understand. But the ordinary businessman would say that that is not the best manner in which to make sales. It is like giving a cigarette to the man you are going to hang.

I undertook not to speak at length, and I am going to keep my undertaking. I have pointed out what I thought was unfortunate in what was said. I have said I am quite unable to understand why the minister did say it, because it seemed so out of keeping with a lot of other things he said. It must be the evil influence of Toronto. He went up to Toronto to speak to a combined meeting of the Canadian club and the Empire club. We all know that when people go to Toronto various things happen to them from time to time. It may be that he was carried away and perhaps said these things which he now repents. At any rate I suggest they are an unfortunate blot on the record. As I said earlier, while I know it is not possible for him to say he was wrong, he might indicate in an indirect way that he thinks he was just a little bit wrong; and possibly tonight, or when he speaks in closing the debate, he might explain to us that it was really Mr. Hyde who was up in Toronto and that Dr. Jekyll is really a very nice fellow who, in future, will always behave in a pleasant way.

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, the position of the C.C.F. ever since the outbreak of the trouble in Korea has been exceedingly clear. Here in the House of Commons last June, later at our C.C.F. national convention at Vancouver, and since then on other occasions, we have taken the position that decisions as to what should be done in or about Korea must be United Nations decisions collectively arrived at and collectively supported by all the members of the United Nations, including Canada.

During the course of the debate today my colleague from Kootenay West (Mr. Herridge) put forward proposals which we believe the government should now urge upon the United Nations as a means of achieving a cease-fire in Korea, rather than that the situation should go on from bad to worse, rather than that war in that area should linger indefinitely.

In addition, in that very important speech made by the leader of this group this afternoon, the hon. member for Rosetown-Biggar (Mr. Coldwell) put forward our view that very positive steps must be taken by the nations in the fortunate position in which Canada is placed, to help improve the living standards of the more backward areas of the world. In other words, despite our understandable preoccupation with the immediate situation on the fighting fronts in Korea, we must not forget that our problem is a long-range one, and that at some stage in the piece we must achieve a different kind of world than we have at the present time. All parties in this house, all members of this house, are strong in support of the United Nations. I am sure that if we stop to think of it, however, we mean by that support not just that we are prepared to go from one police action to another, from one small scale war in the name of collective security to another, and on and on, but that we hope the day will come when under the aegis of the United Nations we may achieve those high ideals for mankind which are set out in the preamble to the charter of the United Nations.

That indeed is the reason why I felt that I wanted to get to my feet during the course of this debate and put forward a viewpoint which while held by a great many people is not too frequently put forward in these times. That viewpoint is that despite our preoccupation with the military necessities that are forced upon us, we must remember that somewhere along the road we must find a way in which to build a peaceful world or we will have no world at all.

It is most unfortunate that a certain group of people in the world—we have some of their number in our country—have made it difficult to talk about peace without running the risk of being misunderstood. I refer to a group of people who have a great deal to say about peace but whose aims are not in keeping with the meaning of that word. Nevertheless, that surely does not preclude the rest of us from keeping before our minds, even when we are concerned with the immediate necessity of stopping aggression in Korea, the fact that what we want and must yet win is a world of peace and human accord for all mankind.

My leader pointed out this afternoon that a year ago when it was being suggested that money might be appropriated to help to build up the backward areas of the world it was felt that the amount required was too great to make such a suggestion practical. A few months later when the necessity of military expenditures was forced upon us we found the ways and means to raise the necessary money. We have made it clear that we support the necessary defence measures that are being taken and the necessary defence expenditures, but I do hope that it is not a voice crying in the wilderness to suggest that in and through all of this we keep before us the realization that unless at some point in our struggle we achieve a world of peace there will be, as I have said already, no world at all.

A short time ago I picked up a rather interesting book dealing with semantics, the meaning of words, by Wendell Johnson. It contains a few paragraphs which express the thoughts that I have tonight much better than I could express them myself. I do not often indulge in quotations of any length, but there are two or three portions of Mr. Johnson's book that I should like to draw to the attention of the house. These are taken from the last chapter which is entitled—I find these words very intriguing—"The urgency of paradise". There is a bit of philosophy in this, but even when we are dealing with so-called practicalities it is a good idea to be guided by sound philosophy. Mr. Johnson says:

> The race against destruction has now become a sprint. Prejudices and other semantic blockages that gum up the communication process will evidently have to be dissolved if the great majority of us are to escape the fleeting and thoroughly unrewarding experience of sudden death. In the past when words failed, men resorted to communication by means of hot steel, but most of us never got in the way of it. The next time words fail, millions of us will die, having discovered a second or two beforehand, if at all, how extremely advantageous it would have been had we learned how to talk to other people and how to listen to them.

Obviously Mr. Johnson is basing his point and the point of his whole book on the premise that it would be a good idea, in all our relationships, if we knew the meaning of words a little better and were thus able to understand each other. Having gone on to discuss the advances that have taken place in the world of science, with particular reference to the tremendous world that has been opened up by the discovery of atomic energy, the author goes on to say:

> We can no longer afford serious conflict, aggression, contempt, and hate. We can no longer tolerate studied confusion, cultivated distrust, and verbal irresponsibility. It is neither an academic nor a moral issue. It is a practical, down-to-earth question of survival. Uranium hangs heavy over our heads so long as we strive to preserve beliefs, loyalties, and institutions that disunite us—so long as we cherish the old superstitions, prides and prejudices with which we have muddled through to the crumbling edge of blinding disintegration.

After saying something more about what science can do for mankind, either for good or evil, he says:

> Atomic power promises abundance as readily as desolation—but only on the condition, of course, that we welcome the abundance. It provides the effective basis for a world state as readily as it provides the means for nationalistic groups to fight each other to the death—but only provided we not decline the opportunity to create a world state. It contains the germ of an economy so efficient that freedom from want and from drudgery might be realized in fact, quite as clearly as it contains the seeds of economic ruin—again provided, of course, we do not too fondly cherish want and drudgery.

Then Mr. Johnson closes his book with a short paragraph of one sentence. Like the title of his last chapter I find this paragraph, this last sentence, most intriguing. This is what he says:

> We have arrived, that is, at the strange circumstance of having to accept a virtual paradise if we are not to perish: only in our more stately mansions may refuge still be found.

We in this group recognize the need at this stage of world events for the defence preparations that we are making. We recognize and assert the need for United Nations collective action to stop aggression. But we also urge, as was so well put this afternoon by the hon. member for Rosetown-Biggar (Mr. Coldwell), that we approach external affairs with the realization that it is the long view that counts. If I may have the privilege of paraphrasing what Mr. Johnson has said along with what my leader said this afternoon, I would say that only in the more stately mansions of the kind of world pictured this afternoon by the hon. member for Rosetown-Biggar, a world wherein we of

North America help to raise the standard of living of the peoples of southeast Asia, a world wherein we help wherever help is needed, may refuge still be found. But I believe that it can be found, and I believe that our job in supporting the United Nations is not simply to go from one police action to another, perchance from police action into wholesale war, but rather our task is even yet to achieve the high purposes set out in the preamble to the charter of the United Nations, and to win the kind of world in which there is peace and human accord for all mankind.

Mr. George H. Hees (Broadview): Mr. Speaker, tonight I should like to deal briefly with the famine in India and the international implications which that famine has raised. I should also like to discuss briefly the part which I believe this country can play in helping to alleviate that famine and thereby helping to win a very important economic campaign. In order to better describe what is going on in India today I should like to quote from the issue of April 21 of *The Economist*, which is a recognized authority on world affairs. The passage reads as follows:

> Traditionally, India has at least one bad crop year in five; but this year the prospect of extreme famine in many different parts of the sub-continent constitutes a unique and desperate challenge. For the people, the suffering which is only just beginning, will certainly match the horror of five million deaths in the Bengal famine of 1943, and may considerably exceed it . . . Although the full extent of the famine cannot yet be known and may not really come to light until well after the monsoon breaks in June, the measure of India's present crisis is already clear. The only areas where the harvest has been at all satisfactory are East Punjab, Rajasthan and Madhya Bharat . . . The result is that in some districts there are no grain stocks at all, and in others only a fraction of what is needed to keep the population barely alive . . . The United States is debating whether to give 2 million tons of wheat. China has recently offered 1 million and Russia has proposed a barter deal for 500,000 tons. Even if these various offers were implemented, and the first shipments were made at once, it is questionable whether sufficient food could arrive and be distributed soon enough to prevent disaster.

I believe, Mr. Speaker, that that outlines very clearly the gravity of the situation. I also feel sure that there is no member of the house who would not agree that from the humanitarian aspect Canada, and any other country which produces a surplus of food over and above what is actually required to feed its people, should do whatever it possibly can to try to help alleviate this frightful disaster.

I should like to deal with the political aspect of the situation, and again I should like to quote from *The Economist*. The extract reads as follows:

> Apart therefore from internal propaganda playing upon the unpopularity which the famine is inevitably bringing on the Indian government, the communist world is making a determined bid to capture the hearts and loyalties of millions of Indians by offering to step in where America can be made out to have failed. The delay in passing legislation through Congress to send the two million—or even one million—tons of grain proposed by President Truman, is unquestionably beginning to have a worse effect on Indian opinion than if the offer had never been made. Perhaps the Indians could increase their own purchases of American wheat, but even the most lavish expenditure of dollars would still leave a tragic gap. Both the Chinese and Russians have therefore made a concerted and deliberate political move in choosing this moment to announce their own offers of "aid." Hitherto America has at least had the international field to itself in providing economic assistance. The Chinese could not, of course, actually provide a million tons without starving their own people—though the Russians would no doubt release some stocks through Manchuria to be classed as Chinese deliveries. Nor could they ship it without Russian help. Equally, the Russian offer to barter jute, tea and cotton is insincere. Moscow's original offer was to provide 50,000 tons of grain, but when the Russians discovered that India had no surplus of the commodities they wanted, they pushed their offer up to 500,000 tons for its propaganda effort . . . The apparent fact that Mao Tse-tung should be willing and able to come to India's rescue, in spite of China's poverty, can be dressed up as a powerful argument for communism.

I think it is obvious that the situation is now developing into a conflict between the communist and non-communist countries for the friendship of India. I believe it is very unfortunate indeed that the United States is still withholding its offer of two million tons of wheat for political reasons, but this gives us a golden opportunity to show the way. As the hon. member for Peel (Mr. Graydon) and the hon. member for Rosetown-Biggar (Mr. Coldwell) pointed out this afternoon, we cannot defeat the forces of communism by military campaigns alone. Economic campaigns are every bit as important. We now have a wonderful chance to help to win an economic campaign where the stakes are a subcontinent.

We know, Mr. Speaker, that Canada has offered No. 5 wheat but the Indians have been unable to accept that offer because that wheat, which is normally used for cattle feed in this country, cannot be milled into atta, the Indian flour, by the primitive methods which are the only methods available to the Indian people for milling wheat. Therefore I believe it is up to us to make available wheat which the Indians can use and which they can mill into flour. If we do not and if the United States does not make wheat available which the Indians can use, then they will have no alternative but to accept the offers of Russia and China, even though those

offers have strings attached to them. If we fail and the communists' offers are accepted, then there is absolutely no doubt that India will move a great deal closer to Russia and China and a great deal farther away from the western democracies. I believe the chances are very great that we would never get India back because it is hardly likely that you would accept a former friend who had refused you food when you were starving.

I know that there are no stocks of wheat higher than No. 5 grade available at the present time in the normal trading sense of availability. However, I believe the situation is so vital that we in this country must give up stocks which we have at the present time, and that we must do everything we possibly can to persuade our customers, who also are members of the North Atlantic treaty organization, to temporarily forgo shipments which are earmarked for them for immediate delivery. I believe that this contest for the friendship of India is as vital as any military campaign that has ever been waged. If we and the United States fail to make available wheat which the Indians can accept and use immediately we will lose that campaign. This, I believe we will all agree, we cannot afford to do. Therefore the government must act immediately.

In conclusion I would request the minister when he sums up to advise this house what action the government plans in connection with supplying in the immediate future wheat which the government of India can accept.

Mr. W. J. Browne (St. John's West): I am sorry to disappoint so many hon. members opposite who expected the minister to reply, but I have a few observations I should like to make before he does so.

I have followed the debate today very carefully, listening to all the speakers; and I am sure all those who have done so will realize that there is a sharp divergence of opinion in this house on the way the United Nations is conducting the war in Korea, and a great deal of doubt as to Canadian policy in regard to that war. I realize that this is a very difficult subject, upon which a person should not enter without some preparation. There is an extensive background behind the war in Korea, and unless we have some knowledge of the background it is very difficult to get a true appreciation of the picture there. I do not for the moment suggest that I possess such knowledge to any great extent, but I have attempted to learn something about it.

It seems to me the party to my left is very sympathetic to the communist government in China. On every occasion members of that party have spoken on the subject in this house they have either advocated the recognition of communist China by the Canadian government, or the seating of communist China at the United Nations, or the handing over of Formosa to communist China, or the removal of General MacArthur from his United Nations command. On the very eve of his removal we witnessed an exhibition here by the hon. member for Moose Jaw (Mr. Thatcher) during which in my opinion he used outrageous epithets in referring to that distinguished soldier. Whatever may be the faults of General MacArthur I believe the majority of members of this house will recognize his capabilities, his sincerity, and his distinguished career of fifty-two years in the service of his country as a military man. I think it ill behooves the member for Moose Jaw to use the terms he did in his speech, which was entirely inappropriate and out of order.

In my opinion, Mr. Speaker, the Asiatic situation is just as important as the European situation. I believe that if communism wins in the Asiatic area it will be strengthened to carry on its activities in other parts of the world. For the life of me I cannot understand why no one seems to regard the conquest of Japan as something likely to be carried out by the communist governments of Russia and China. The Secretary of State for External Affairs (Mr. Pearson) does not seem to regard that as a possibility; but if it should occur I contend that it would be a greater disaster to the free world than the conquest of western Germany at the present time.

The party to my left show no sympathy whatever to Chiang Kai-shek, who was defeated. In his address today the Secretary of State for External Affairs asked whether, if Chiang Kai-shek were assisted, there was any likelihood that he would be able to defeat the army which had driven him out of China. Let us look back on the history of China during the past few years and see what Chiang Kai-shek had to contend with; then perhaps we may get a better appreciation of his difficulties and have some sympathy with his present position. Chiang Kai-shek first became known as a military commander over twenty-five years ago. Later he had to contend with Russian communism, then with Chinese communism, and then with the Japanese invasion. He almost succeeded in wiping out communism in China, driving the communists back to one small province in the northwest and reducing the number of their soldiers to less than 100,000. It was at the time of the Japanese invasion that Chiang Kai-shek was held prisoner by a

young Christian general, whose name I cannot remember. He was in the hands of his enemies and would have been executed but for the intervention of the government of communist Russia, who felt that it would be better for Chiang Kai-shek to be fighting the Japanese than the few thousand communist soldiers who could get no support from the great mass of the Chinese people. So Chiang Kai-shek was released and waged war against Japan for many years.

But he made the mistake of recognizing the communists in China, who were assisted by Russia to greatly expand their forces. When Russia intervened almost at the close of the war against Japan, she captured the industrial and military power of Japan in Manchuria and passed over to the communists the ammunition and equipment there obtained. So in a short time the communists became more powerful than Chiang Kai-shek himself. It was because of the great assistance, moral and material, given the Chinese communists by Russia that they were able to defeat Chiang Kai-shek and eventually drive him from the mainland to take refuge on the island of Formosa.

As yet the United Nations has not granted recognition to the communists in China. It is true that the government of the United Kingdom granted that regime recognition very quickly; but as the minister has himself pointed out, communist China has not been quick to grant recognition to the United Kingdom or to exchange representatives. Something more is involved here than mere courtesy. The communist government in China seems to be actuated by the same hatred of the western nations as communist Russia. I believe my hon. friends of the C.C.F. party are inclined to think that communist China is not directed by the same spirit that directs the government of communist Russia. It should not be hard for hon. members to believe that communism is the same all over the world. We have ample evidence in this country of the secret intrigues that were going on, even conducted by a member of this house, to assist Russia in securing world domination. The United States, the United Kingdom, every country outside of Russia has been the scene of these intrigues. It is undoubtedly the outspoken intent of communist Russia to get world domination.

I was astonished this afternoon to hear the Secretary of State for External Affairs (Mr. Pearson) make one statement which I believe he could not uphold. He makes a statement, but he does not justify it and I challenge him to justify it.

Some hon. Members: Order.

Mr. Browne (St. John's West): I shall make the statement. He said that the defeat of armed aggression in Korea was the sole military aim of the United Nations. Then he went on to quote with approval a statement by Warren Austin, and he said that it had been said "the United Nations forces were fighting to defeat communism," but that was not correct. If that is not correct, what is the correct position? Does anyone in this house consider for a moment that the attack of the North Koreans on the South Koreans was not inspired by Russia? Does the minister himself believe that? Does he not consider that there was agreement beforehand between the communists of North Korea, the communists of China and the communists of Russia to win over South Korea, and get a base for the attack on Japan? I shall go so far as to say that. If that attack was inspired by communism, and especially by the communists in the Kremlin, what are we fighting in North Korea? Is it not communism we are fighting? Was that not a stage in the communist plan for world domination?

Whatever we might say about General MacArthur, there is no one who can deny that he is the best authority on events in Asia. He has been there for the last fourteen years without a break, and he has encountered all these difficulties. He has brought Japan, a defeated nation, to a stage of prosperity which must be the envy of all the other nations in the east today. In his opinion, we are fighting communism in Korea. Certainly, we are fighting it there more than we are fighting it in Europe. We are fighting not a cold war in Asia, but a hot war.

Now, sir, if we are not fighting communism in Korea, how does the United Nations propose to fight it? The minister speaks of limited objectives. What are the limited objectives now? It was all right for the United Nations forces to pursue the enemy when it consisted only of North Koreans as far as the boundary of Manchuria, but that does not appear to be the objective any longer. My hon. friends to the left recommend that there should be a zone of ten miles each side of the 38th parallel, a sort of no man's land. The forces from South Korea should not advance beyond that area. Is it true, and I hope the minister in his reply will give us some idea of United Nations policy in that respect, that the United Nations do not intend to do what they did before, and try to drive the enemy to the Manchurian boundary? Perhaps there is some truth in the statement of General MacArthur, and I believe of General

Ridgway too, that the war in Korea is now likely to end in a stalemate; that it is not possible for the United Nations forces, with the equipment and men that they have at the present time, to do much more than fight a defensive action. Certainly, they do not appear to have any intention of carrying the war to the Manchurian boundary at the present time.

As the minister has said, we are now on the defensive. One wave of the attack has passed, and we are now awaiting the second wave. No one knows what might happen as a result of that. The United Nations commander has confidence that he can repel the attack, and not allow himself to be driven into the sea. The other night I asked, and I ask again now, what is the United Nations policy in regard to Korea? We were told they went there as a police action. We are told again today that we are there to defeat armed aggression. What about compensation? What about those people from South Korea who have trudged mile upon mile through winter slush, frost and snow, spring muds and torrents, back and forth, men, women and children by the hundreds of thousands, like some great sea of suffering humanity. Our people here have hearts to feel and minds to think about the suffering of these people in South Korea. My hon. friends on my left, and the minister himself, tell us that we cannot defeat communism by military means alone. Neither can we defeat communism by economic means alone. Something more than talk about long-range plans and economic rehabilitation of these countries is necessary. There is a vital problem in front of us. There is a question of justice. We know what it means when a person is injured in his person, in his reputation or in his property. What about a nation when it is injured in its person and in its property? What about the houses destroyed, the thousands of people killed and perhaps the millions injured, families separated? What about all the suffering that has been caused? Is there to be any punishment for these aggressors? I hear no talk of punishment in the councils of the United Nations. In this house I have heard no mention of punishment of North Korea or communist China. On the other hand, I hear talk of appeasement.

Mr. Speaker, it is eleven o'clock, and I would move the adjournment of the debate.

On motion of Mr. Browne (St. John's West) the debate was adjourned.

BUSINESS OF THE HOUSE

Mr. Fournier (Hull): Mr. Speaker, last week the Prime Minister announced that tomorrow, Tuesday, we would move to go into supply and take up the estimates of national defence, without calling any new departments. From eight o'clock until nine, there will be private and public bills. At nine o'clock the Minister of Trade and Commerce will ask to revert to motions to make a statement on the results of the trade conference at Torquay. I understand that the participating nations have agreed to make this statement at the same time on the ninth, but owing to the difference in time, if we do not have this statement in the house tomorrow night, the members would get it by press from the outside. Then, after this statement, we shall resume consideration of the estimates of national defence.

Mr. Drew: Could there not be an agreement that the Minister of Trade and Commerce make his announcement at eight o'clock instead of nine o'clock?

Mr. Fournier (Hull): I am quite embarrassed by that suggestion, because since the beginning of the session we have taken away two hours allocated to private bills. In all fairness to those that are before the house, I think we should give them the hour.

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

HOUSE OF COMMONS

Tuesday, May 8, 1951

The house met at three o'clock.

PRIVATE BILLS

FIRST READINGS—SENATE BILLS

Bill No. 233, for the relief of Julia Starr Melnick.—Mr. Winkler.

Bill No. 234, for the relief of William Alfred Jameson.—Mr. Weir.

Bill No. 235, for the relief of Jean Camille Antoine Coutu.—Mr. Weir.

Bill No. 236, for the relief of Mary Jenner Watkins.—Mr. Weir.

Bill No. 237, for the relief of Geraldine Mae Cuffe Kennedy.—Mr. Winkler.

Bill No. 238, for the relief of Lucille Ida Fenlon Ashmore.—Mr. Winkler.

Bill No. 239, for the relief of Ela Raizman. —Mr. Winkler.

Bill No. 240, for the relief of Julia Saad Shagory.—Mr. Winkler.

Bill No. 241, for the relief of Lottie Aileen Wright Robinson.—Mr. Winkler.

Bill No. 242, for the relief of Arthur David Prosser.—Mr. Winkler.

Bill No. 243, for the relief of Edmund Vaughan Stewart.—Mr. Winkler.

Bill No. 244, for the relief of Marie Madeleine Clemence McKenzie Caron.—Mr. Winkler.

Bill No. 245, for the relief of Meinerth Aage Arsvold Wick.—Mr. Winkler.

Bill No. 246, for the relief of Myrtle Louise Vassell Evans.—Mr. Winkler.

Bill No. 247, for the relief of Margo Clare McManus McKeown.—Mr. Winkler.

Bill No. 248, for the relief of Eli Wilson Jewer.—Mr. Winkler.

Bill No. 249, for the relief of Beulah Nellie Elliott.—Mr. Winkler.

Bill No. 250, for the relief of Terez Baranyai Jekkel, otherwise known as Therese Baranyai Jekkel.—Mr. Winkler.

Bill No. 251, for the relief of Andrew Krilyk.—Mr. Winkler.

Bill No. 252, for the relief of Harold Dimond Parsons.—Mr. Winkler.

Bill No. 253, for the relief of Peter Seniw.— Mr. Winkler.

Bill No. 254, for the relief of Dorothy Agnes Bell Bissonnette.—Mr. Winkler.

Bill No. 255, for the relief of Gertrude Banner Jones.—Mr. Winkler.

Bill No. 256, for the relief of Selma Schenker Wyler.—Mr. Winkler.

Bill No. 257, for the relief of Frances Helen Shulman Cohen.—Mr. Winkler.

Bill No. 258, for the relief of Agnes Mary Binnie Bullock.—Mr. Winkler.

Bill No. 259, for the relief of Marie Rose Berthe Bernard Greco.—Mr. Winkler.

Bill No. 260, for the relief of Paul Emile Le Blanc.—Mr. Winkler.

Bill No. 261, for the relief of Taras Pieluch. —Mr. Winkler.

Bill No. 262, for the relief of Joyce Margaret Wright Roxburgh.—Mr. Weir.

Bill No. 263, for the relief of Elsie Mary Harrop Cameron.—Mr. Winkler.

Bill No. 264, for the relief of Anna Kirk Rosborough Finlayson.—Mr. Winkler.

Bill No. 265, for the relief of Marie Madeleine Pauline Parent Bjarnason.—Mr. Winkler.

Bill No. 266, for the relief of Mona Patricia Kiddie Heaney.—Mr. Winkler.

FISHERIES

QUESTION AS TO REOPENING BRAZILIAN MARKET FOR SALT CODFISH

On the orders of the day:

Mr. G. F. Higgins (St. John's East): Mr. Speaker, I should like to ask a question of the Minister of Fisheries. Is the Brazilian market for salt codfish to be reopened?

Hon. R. W. Mayhew (Minister of Fisheries): The hon. member was good enough to give notice of his question. In reply I would point out that the reopening of the Brazilian market to Canadian codfish is of course a question for the Brazilian government itself. However, negotiations have been going on since November, 1949, between the Brazilian government and the Canadian government for the opening up of this market, and will continue.

EDUCATION

AVAILABILITY OF MATERIALS FOR CONSTRUCTION OF SCHOOL BUILDINGS

On the orders of the day:

Mr. G. A. Cruickshank (Fraser Valley): Mr. Speaker, I should like to ask a question of the Minister of Defence Production or his parliamentary assistant, arising out of press reports in my riding. Has the federal government requested the provincial governments to curtail necessary school building in the interests of the national defence program?

Inquiries of the Ministry

Right Hon. C. D. Howe (Minister of Defence Production): Mr. Speaker, the answer to the question is no. To explain the position further, there is no prohibition against obtaining steel or any other material for the construction of schools. Obviously, however, the federal government cannot become responsible for the allocation of steel for the construction of schools. Usually steel can be obtained for that purpose.

Mr. Cruickshank: Thank you.

PARLIAMENT HILL

REPLACEMENT OF GLASS IN WINDOWS OF LIBRARY

On the orders of the day:

Mr. Gordon Graydon (Peel): Mr. Speaker, I should like to direct a question to the Minister of Public Works. I have not informed him of my intention to ask this question; therefore he may wish to take it as notice. Just a year ago today, as a result of a violent windstorm, panes of glass in the dome of the library of parliament were broken. Later they were replaced by boards or plywood and they have remained that way ever since. The lighting and the appearance of the library are affected by the lack of window glass. Would the minister consider the desirability of repairing the damage by the replacement of the panes, so that the lighting and the appearance would be restored to normal?

Hon. Alphonse Fournier (Minister of Public Works): I certainly will take into consideration the request made by the hon. member.

LIGHTING ON THE EAST SIDE OF THE EAST BLOCK

On the orders of the day:

Mr. C. W. Hodgson (Victoria, Ont.): Mr. Speaker, I should like to ask a question of the Minister of Public Works concerning the lighting on the east side of the east block. I find that while there are twenty-seven light fixtures, there are only three lamps in them that show light.

Hon. Alphonse Fournier (Minister of Public Works): I shall be pleased to look into the matter, but I thought the hon. member did not need so much light.

INTERPROVINCIAL BRIDGES

CAMPBELLTON, N.B.-CROSS POINT, QUE.—QUESTION AS TO FEDERAL RESPONSIBILITY

On the orders of the day:

Mr. A. J. Brooks (Royal): Mr. Speaker, I should like to ask a question of the Minister of Public Works, based upon a question I asked on May 2 in connection with the responsibility for the construction of a bridge between Campbellton, New Brunswick, and Cross Point, Quebec. The minister said he would consult the Minister of Justice. Has he done so and, if so, what has been the result?

Hon. Alphonse Fournier (Minister of Public Works): Mr. Speaker, I do not wish to appear discourteous by giving a short answer, but the way the question is put is this: "Has the minister consulted the Department of Justice?" The answer is no. The second part of the question is: "Is he prepared to let us know the results?" I have not any results.

Mr. Brooks: Will the minister consult the Department of Justice and then give us an answer?

Mr. Fournier (Hull): With pleasure.

GOOSE BAY AIRPORT

INQUIRY WITH RESPECT TO DEATH OF CANADIAN CIVILIAN

On the orders of the day:

Mr. G. F. Higgins (St. John's East): I should like to direct a question to the Secretary of State for External Affairs. Was the recent death of a Canadian civilian at Goose Bay airport caused by his being fired at by a United States sentry?

Hon. Brooke Claxton (Minister of National Defence): I have not the file on this case, as the intimation that the hon. gentleman was to ask the question reached me only a few minutes before I came into the house. My recollection of the events is that on April 27, at about eleven p.m., two civilian employees of a contractor were driving in a jeep and had an altercation with some United States army men at one of the mess halls occupied by them. In the course of driving the jeep, the civilians were alleged to have driven to the danger of a United States policeman, who shot at the jeep with his revolver with, as he said, the intention of stopping but not hitting the men. They drove on at a high rate of speed and he pursued them. In the course of the pursuit the civilian jeep was overturned and the passenger killed, although the driver was not injured. Neither was hit by the revolver fire of the United States policeman.

The accident was at once investigated on the spot by Canadian and United States officials, including the R.C.M.P. acting for the Newfoundland provincial government. A charge of drunken driving was laid against the civilian driver. We sent from headquarters an R.C.A.F. officer from the judge

advocate general's branch to make an investigation. The matter is now pending before the courts. So far as can be seen, it is largely a matter which should be handled by the authorities of the government of Newfoundland.

VETERANS AFFAIRS

CANADIAN ARMY SPECIAL FORCE—CLOTHING AND UNEMPLOYMENT INSURANCE ON DISCHARGE

On the orders of the day:

Mr. T. H. Goode (Burnaby-Richmond): I wish to address a question to the Minister of Veterans Affairs. There is some concern among the veterans of the Korean campaign who have returned to Canada with respect to the absence of a clothing allowance and unemployment insurance upon discharge. It seems that a number of Korean veterans, who are mostly wounded personnel declared unfit for further military duty, have paraded at the Pacific coast in protest against what they consider to be unfair treatment. Would the minister care to make a statement at this time?

Hon. Hugues Lapointe (Minister of Veterans Affairs): Mr. Speaker, first I should like to thank the hon. member for Burnaby-Richmond for bringing this matter to my attention. The officers of the department investigated the news item to which the hon. member refers, and found that no such parade was organized in Vancouver. With regard to the complaint that no provision for unemployment insurance benefits has been made for veterans discharged from the Korean forces, may I say that that is not according to the facts. By virtue of the authority granted under the special forces act passed last session, an order in council was passed on November 8 which gave unemployment insurance benefits to all veterans who have served for three months. Any veteran of the Canadian Army special force in Korea must have served a minimum of three months.

With regard to the clothing allowance, the hon. member will recall that at the end of the last war this was paid by the Department of National Defence and was included with the last pay cheque given to the man on discharge. This is one of the questions under study by the interdepartmental committee which is now looking into the question of veterans benefits.

MINES AND TECHNICAL SURVEYS

PAYMENTS BY DEPARTMENT FOR PROFESSIONAL AND SPECIAL SERVICES

On the orders of the day:

Mr. E. D. Fulton (Kamloops): Will the Minister of Mines and Technical Surveys be kind enough to check the answer given on May 7 to a question I had asked as to what was the total paid by the Department of Mines and Technical Surveys for professional and special services in the fiscal year 1950-51? The answer given is $2,742.15. I would point out that the second part of my question asked for certain particulars with regard to payments over a certain amount, and that is answered in the negative. According to the table provided by the Minister of Finance with this year's estimates, this department is shown to have spent $1,533,392 under that heading, and I was inquiring as to the particulars of payments over a certain amount. The answer that they spent only $2,742.15 certainly does not coincide with the table provided by the Minister of Finance.

Hon. George Prudham (Minister of Mines and Technical Surveys): So far as I know, the answer is correct. However, I will have another look at it.

SUPPLY

Hon. Alphonse Fournier (Minister of Public Works) moved that the house go into committee of supply.

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

DEPARTMENT OF NATIONAL DEFENCE

Defence forces—

245. To provide for the defence forces of the navy, army and air services and defence research and development, and to authorize total commitments for this purpose of $3,831,270,000 including authority notwithstanding section 29 of the Consolidated Revenue and Audit Act, to make commitments for the current year of $1,924,170,835 and commitments against future years of $1,907,099,165 against which commitments it is estimated that actual expenditures in 1951-52 will not exceed $1,595,050,000 of which $183,050,000 will be provided from section 3 of the Defence Appropriation Act, 1950, as supplemented by item 246, $1,412,000,000.

Hon. Brooke Claxton (Minister of National Defence): Mr. Chairman, since the beginning of the session a number of statements have been made on matters relating to defence, and for the convenience of hon. members I should like to give references to them. The statements were announced by me except in the cases noted. They were made on February 5, as reported at page 90 of *Hansard*, on the defence program; there was a statement by the Minister of Defence Production on February 8, at page 179 of *Hansard;* another statement by myself on February 21, 1951, at page 563 of *Hansard*, on the brigade group joining the Princess Patricias; a statement by the Prime Minister on March 9, 1951, at page 1077 of *Hansard*, on the Defence Production Act; by myself

on March 21, 1951, at page 1485 of *Hansard,* on the air training plan; by myself on April 19, 1951, at page 2173 of *Hansard,* on the bombing and gunnery range; by myself on April 24, 1951, at page 2317 of *Hansard,* on the recruiting of women; by the Prime Minister on May 1, 1951, at page 2549 of *Hansard,* on the arrangements in connection with the Newfoundland bases; by me on May 1, 1951, at page 2553 of *Hansard,* on the formation of the commonwealth division; by the Minister of Veterans Affairs on May 1, 1951, at page 2554 of *Hansard,* on the extension of benefits to veterans; on May 4, 1951, at page 2703 of *Hansard,* on the formation of the 27th Canadian infantry brigade.

In addition, yesterday we tabled the white paper, "Canada's Defence Program," incorporating a good deal of this material and giving other information about defence in very considerable detail. Consequently I do not feel that it is necessary or desirable for me to make a very comprehensive and detailed statement at this time. However, there are some matters of great importance about which I feel hon. members would wish me to say something at the outset, and also some matters which have come up since the white paper was prepared.

The object of all defence policy, Mr. Chairman, is to preserve the security of our country. It is better to prevent a war than to have to fight a war to victory. Our primary responsibility is the defence of our country against direct attack. All Canadians realize, I believe, that the best place to defend Canada is as far away from our shores as possible; but they also recognize that we cannot do it alone, that we must have allies with whom we plan and work, and, if need be, fight in close co-operation shoulder to shoulder; that the only possible aggressor would be imperialist communism working under one guise or another; that the object of our defence activities is to prevent war by providing the force to deter aggression or, if necessary, to stop aggression should it occur; that our defence activities do not constitute an end in themselves but a means toward providing the strength which will prevent aggression and prevent war so that the human and material resources of our nation, and of all other nations, can be used to extend the areas of human freedom and increase the level of family and individual prosperity and happiness.

So far as we can, during this period we must continue to strengthen the democracy which is the object as well as one of the main bulwarks of our defence. We must also continue to do everything we can to improve the level of our society, raise the standard of living and enlarge freedom and opportunity throughout our country. We must not lose either our democratic methods or our democratic objectives without fighting a battle. In this the record of Canada and of other countries has shown that we can do a good job, and that victory will be ours with peace, or, if it should come, with war; but the greater victory will be without war.

Developments in international affairs, particularly over the last two years, have reinforced the concept that in the defence of Canada we must work with other countries. In this connection I should like to refer to the developments in Korea, our part in the operations there, and to the organization established under the North Atlantic treaty.

On June 25, 1950, the North Korean forces crossed the 38th parallel. The following day, on the initiative of the United States government, the security council of the United Nations adopted a declaration condemning this as an act of unprovoked aggression and calling on members of the United Nations to suppress this aggressive action by sea and air action. From its forces in the Far East the United States put into action several naval vessels and a squadron of the air force two days later.

It became apparent that the aggressors would not be stopped by sea and air forces alone, and on July 2 the United States put in ground forces. On July 7 the security council recommended that other nations make military forces and other assistance available to the unified command under the United States, and requested the United States to designate the commander. General MacArthur was designated as commander. Other nations having forces in the Far East were the United Kingdom and Australia. On July 26, 1950, the United Kingdom made available one brigade, while Australia sent a regiment from Japan, later reinforced with other troops. Other nations which have taken part are Belgium, France, Greece, India, New Zealand, the Netherlands, the Philippines, Turkey, Thailand and Colombia.

We sent three destroyers on July 5, made available a heavy air transport squadron on July 19, and the same day arranged for additional air transport through Canadian Pacific Air Lines. On July 20 we announced a greatly expanded defence program. On August 7 we announced the formation, and two days later began the recruiting of a special force which, with elements of the regular forces, was to be made available to the unified command. Recruiting was speeded and training pressed on so that the 25th Canadian infantry brigade

Group had completed basic and advanced individual training and special unit training by the time it arrived at Fort Lewis in the state of Washington between November 16 and November 23. It made a fine impression on its first parade which I was privileged to witness.

At this stage the manner of employing our brigade group was entirely dependent on the development of events. On November 4, 1950, it had been announced that the Princess Patricias would proceed to Korea, and they left on November 25. The rest of the brigade group continued to complete its training at Fort Lewis. On March 28 an advance party of the brigade proceeded to Korea, and Brigadier Rockingham, its commander, also went out to see conditions in Korea, and to make arrangements for the arrival of the brigade.

Returning to events in Korea, by August 1, 1950, the North Korean forces had succeeded in driving back the United Nations forces to a limited beachhead in the Pusan area. During the next six weeks the United Nations forces achieved a build-up which enabled them on September 15, 1950, to launch a counter-offensive. This offensive resulted in the virtual destruction of the North Korean army, and by October 28, 1950, the United Nations forces had driven to within forty miles of the Manchurian border. On November 30 the Chinese communist forces intervened and the United Nations advance was halted. The enemy's offensive operations had by January 1, 1951, forced the withdrawal of the United Nations forces to the vicinity of the 37th parallel. Then the communist attack lost its momentum due to extended lines of communication, inadequate air support, large casualties, particularly those due to sickness, and their inability to cope with cold weather conditions, as well as the increased fighting strength of the United Nations.

On January 25, 1951, the United Nations forces resumed the offensive and advanced steadily through February and March until by April 21, 1951, they had reached a general line immediately north of the 38th parallel. Meanwhile the enemy had succeeded in concentrating a mass of manpower and material in the immediate battle area. On April 22 the present enemy counter-offensive was launched with an estimated 350,000 men representing about half the total enemy forces in Korea. At present the United Nations forces in western Korea are occupying defensive positions along a general line approximately five miles north of Seoul, and at the moment the position has been stabilized. Total United Nations forces in Korea, apart from the South Koreans, are estimated to be approximately 260,000. We have 6,100 in the brigade group and 1,100 reinforcements in Korea in addition to those in Canada. Altogether we have trained reinforcements estimated to be sufficient for six months, with more being added day by day from current recruiting.

Turning to the question of casualties, estimates of enemy casualties are apt to be very far off the mark and usually exaggerated. One estimate is that over 800,000 casualties have been inflicted on the combined forces of the Chinese communists and North Koreans. During the same period United States casualties are reported to be 62,000, including 10,400 killed, 40,600 wounded and 11,000 missing. We have not the figures of the casualties suffered by the other United Nations forces. Our own Princess Patricias entered into action on February 22. Up to May 3 they had suffered 33 killed and 85 wounded. We mourn their loss, just as we deplore and regret that it should be necessary. All three services, navy, army and air force, are now making a substantial contribution to defeat aggression in North Korea. There I believe the magnitude of our effort is third among the United Nations co-operating in this work.

In the navy, army and air force we have a total of 8,337 officers and men involved in our operations in the Far East. This is in addition to men in the replacement group, supply lines, training establishments, and others. Of these 2,567 are in the active forces, and there are 5,770 who joined the Canadian Army special force.

The chief of the naval staff has handed me a letter he received from the officer commanding the forces with which our ships are serving in the Far East, which I think the house might be interested in hearing. It is dated March 29, 1951, and reads:

Dear Grant:

Now that HMCS *Cayuga* has left us, I wish to take the opportunity of her departure to tell you how extremely well the Canadian ships have done out here.

I sent you a copy of a letter I wrote to Taylor of the *Sioux*, and I find it hard to choose between any of the three we know so well, *Sioux*, *Athabaskan* or *Cayuga*. The new arrivals, *Nootka* and *Huron*, will, I know, soon get worked in and play as big a part as their predecessors—they can't do more.

I should interpolate that since this letter was written the *Sioux* has arrived to replace the *Athabaskan*.

As for Brock—

That is Captain Brock.

—he has handled his own ship and all your three ships (and for that matter any others that from time to time have been under him) very well. He has shown courage and common sense. His well-judged night entry into Chinnampo in early December was a fine bit of work.

I feel that he deserves my praise, and so do all the ships that you have sent us. They have set a high standard, and I am sure you have every reason to be proud of them and satisfied with their work.

This letter is signed by Vice Admiral William Andrewes, C.B., C.B.E., D.S.O.

The Princess Patricias have lived up to the splendid record of that fine regiment. I have seen the brigade twice, once when it first arrived at Fort Lewis and then just before they left. The views expressed by His Excellency the Governor General, who took the salute and inspected them that day, and by other distinguished soldiers with wide experience and great records, confirm my impression that this brigade is one of which we may well be proud—tough, well trained, and well led.

The United States air force officers in command of McChord field, from which 426 squadron is operating its airlift, gave me exactly the same report about the R.C.A.F. I do not suppose it is generally recognized that on a round trip these twelve *North Stars*, flying west on the great circle route past the Aleutians, east by way of Honolulu, in order to take advantage of the weather and also to provide more comfortable service for the wounded they frequently carry back, travelling through most difficult weather and over some of the longest legs in the world, fly over 13,000 miles on each trip.

This is a fight, Mr. Speaker, in which international police action is working to stop communist aggression, communist gangsters. The forces of the United Nations for the first time are working and fighting shoulder to shoulder to stop aggression in Korea, and to show that aggression does not pay there or anywhere else. It is a magnificent thing that young Canadians should have volunteered to serve in such a cause. In taking the action we have, in co-operating in this way, I believe the great bulk of the Canadian people feel that we have done right. I believe they also feel that the government, the Prime Minister and the Secretary of State for External Affairs have been right in doing everything possible to reduce the risks of a general war. The object of the effort in which we are participating is to show that aggression does not pay, to restore peaceful conditions in Korea and, by preventing aggression there, to preserve peace everywhere.

In this connection I should like to make it just as plain as I can that I profoundly disagree with the views expressed on this subject in the house last evening by the hon. member for Vancouver-Quadra (Mr. Green). I am glad to say that they are not the views of this government. Moreover I do not believe any government holding those views would continue to have the support of the Canadian people. Certainly they do not express the objectives for which we are asking our young Canadians to serve gallantly a great cause far from home. Moreover, I believe—and I think all fifteen governments participating in the Far East have the same view—that were the views expressed by the hon. member for Vancouver-Quadra to be adopted they would increase the risks of a general war, without increasing the opportunity for bringing about a successful termination of hostilities in Korea upon terms which would be acceptable to those nations.

Mr. Green: You had better read it again.

Mr. Claxton: It would be interesting to learn whether the views expressed by this senior member of the Conservative opposition correctly express the views of that party or of any other considerable number of the members in this house.

Now, sir, may I turn to the North Atlantic treaty organization. References have been made before to our substantial contributions of equipment to the North Atlantic treaty nations. It is not expected we shall be making further deliveries of existing equipment until deliveries of substantial quantities of replacement equipment are forthcoming from the United States, or being produced here. We are also getting on with the training of aircrew for the countries participating. The first wings parade of navigators took place at Summerside last Friday, and it was a thrilling sight to see the young men coming up to take their wings behind the colours of the countries for which they are working, and the countries which are also working with us. In this case it was Belgium, Italy and Norway. Next week it will be France, and so on with all the countries that are taking advantage of our air training plan. It was a thrill for Canadians to see these men, called to receive the R.C.A.F. wing, proud because of the high standard of achievement our airmen have won for the wings of the R.C.A.F. in every corner of the world.

Reference has been made to the reopening of the airfields, and the acquisition of aircraft to look after this flow which we expect will build up to a total of about 3,300 R.C.A.F.

and NATO student fliers this year. A good many hon. members saw the F-86E fly at Toronto two weeks ago last Friday. This is the first Sabre to be equipped with our Canadian designed and made Orenda engine, with power perhaps greater than any jet engine being made. This increased the performance of the aircraft even over that which had previously made it the fastest fighter yet known. That afternoon this plane had completed a flight from Minneapolis to Toronto, a distance of 715 miles, in one hour and five minutes, or about 700 miles per hour, and that must be a record of some kind.

Yesterday we began to raise the 27th infantry brigade on the basis of the reserve force units. The reserve army units designated have taken hold of the job in a most creditable fashion. In Winnipeg yesterday I visited one of the depots and found that the procedure was working well. Shortly after ten o'clock the first recruit was completely examined, documented and in uniform. The reports which were received by defence headquarters this morning, which are still incomplete, indicate that a total of approximately 1,200 applications were received yesterday. This is regarded as a good response on the first day. It indicates that with the strong support of the reserve forces, and of the people of Canada, we should raise a force of considerable size which will be useful in meeting the responsibility ahead of us.

Many of the reserve units which have not been designated, while expressing proper and creditable regret, offered their hearty support in canvassing their men to join up during the plan. As seems to be almost inevitable in an operation of this kind, there were reports in the press which were entirely without foundation. One was to the effect that we were going light on Ottawa so as to keep the civil servants in their positions. There is absolutely no foundation whatever for that statement. Moreover, it was not made by any responsible officer at national defence headquarters. Then, there was another report, heard over the regional news in Ontario this morning, that while recruiting was going well in Montreal the response was largely from French-speaking applicants. This is the reverse of the usual suggestion, and on that account perhaps we should welcome it. But I venture to say that when the figures are checked it will be found that the English-speaking people of Montreal have responded to this as to every other appeal as well or better than their English-speaking friends in other parts of Canada.

Personally I deprecate beyond words these efforts to put one race against another in this or any other country. For this reason among others we have not kept figures showing the racial origins of Canadians joining the armed forces. We regard them all as Canadians. When questions of that type are asked or assertions made, they are not made for the purpose of maintaining national unity but for the very opposite.

However, in this connection I am going to break my own rule, a rule which has been observed by my predecessors and welcomed by the house. I do that because of two charges against French-speaking Canadians which are utterly and completely without foundation. I do that because they have been made in important publications in other countries. I refer first to an article on Canada's foreign policy in the *Contemporary Review* of February, 1951, published in England, by J. A. Stevenson, who said:

> . . the comparatively small contingent of French Canadians, who have volunteered for the special UN force, indicates that the isolationist spirit still has a firm grip on the French-Canadian people.

In a similar article in *Foreign Affairs* published in the United States for April, 1951, the same author said:

> The recruiting returns for the special United Nations forces showed a smaller proportion of volunteers from Quebec than from any other province.

Now, Mr. Chairman, in the interests of unity and justice, it is necessary to deny emphatically these unfortunate and inaccurate statements. It happens that we do keep figures of enlistments by districts and areas which generally correspond to the provincial boundaries. The total number of men enlisting in the special force was 10,587. Of those, 3,134 came from the province of Quebec, or thirty per cent. The inhabitants of the province of Quebec represent twenty-nine per cent of the population. In other words, far from the province of Quebec doing worse than the rest of the country, it did just about the same as the rest of the country, or a little better.

Moreover, I have had a special survey carried out. It meant looking at every file, but I thought in the interests of national unity and justice we should do it. It was found that the proportion of Canadians in all parts of the country who joined the special force and whose mother tongue was reported to be French corresponds almost exactly to the Canadians of French origin in the total population. I must say that when I was out there I saw the 22nd, the Princess Patricias and the Royal Canadian Regiment working as a single team. They had the utmost confidence in each other, as well they may have. They got on well. I believe that, just as in Italy and in western Europe, the forces of the two main streams of our culture and

of our country will be united in battle as in peace, more than ever before in the history of our country.

Now I should like to make it plain how the sixteen battalions were selected to form part of this brigade. There are over sixty infantry regiments in Canada. When we wanted to raise three battalions to constitute the 27th infantry brigade, plus some more to act as replacements or to rotate later, we were faced with the task either of choosing three battalions within the more than sixty or of dividing up the job and choosing, say, six or fifteen or some other number. We arrived at the fifteen in order to give a broad basis of geographical distribution and representation through all parts of the country.

Five companies are required for each battalion, and we wanted to have each of those five companies have something in common on which they would begin to build on the traditions of their particular type of unit; so we designated one battalion as a Canadian highland battalion, and to make up that battalion we asked five reserve Scottish regiments, from different parts of the country, each to send a company first and then another one later. Then we asked five rifle regiments and five line regiments to do the same thing. In this way it seemed to us that we were arriving at the double purpose of gaining the greatest possible support through tying in with the greatest number of units, and yet making the most of existing tradition, and thus form a battalion out of which a good commanding officer could fairly soon make a fine unit.

This plan was put up to the general officers commanding districts and then to the representatives of the defence associations representing the fourteen corps of reserve army units of non-regular soldiers. No objection was made to it. The G.O.C.'s, knowing the units in the districts, felt that this was the best way to do it. The reserve army representatives felt that this was a good thing to do, and they had no comment to make on the selection that had been made. I may say that it was made by the chief of the general staff and by the officers advising him; but it was discussed in detail by myself and approved by myself.

In selecting localities we had also to consider not only geographical distribution, not only the division into Scottish, line and infantry regiments but also the other types of regiments and units that we wanted to raise in each locality—artillery, engineers, army service, intelligence corps, provost corps and so on. If, for instance, London, Ontario, had a good reserve army provost corps—and there are few of them in the reserve forces—it was designated as the place to raise the provost corps; and so on with the artillery and engineers, each contributing a battery or a troop, whatever might be appropriate, to form the unit. In the case of the armour—because this force is to be equipped with the latest type of tanks on which only, so far, officers and men of the permanent force have been fully trained—we decided to send the R.C.D.'s to supply replacements for a number of armoured regiments. The way in which it has been received seems to indicate that this plan, announced on Friday, put into effect over the week end and begun yesterday will do the job we set out to do provided it has strong and sustained support.

Further, it is the kind of thing that the reserve forces are designed to do. It is no part of the role of the reserve forces to have forces in being, trained, equipped and ready to fight an equally trained and equipped enemy in instant battle. That is not their job and never has been; and it is a total misconception to consider it as their job.

I must say that the way in which the reserve forces have responded to this appeal reflects the utmost credit on them and on their ability to do a job, and indicates that, just as they did such superb work in raising the nucleus of our forces in the first great war of 1914-18 and in the second world war, they are ready now and will be ready in the future to do the tasks for which they are chosen.

I hope we shall have the strong support not only of the members of the House of Commons but also of the press and of citizens everywhere. This story about keeping the civil servants free from exposure to the dangers of enlistment cannot be calculated to help recruiting or to strengthen the effort to build up Canada's defence forces. I have no doubt that the reporter who obtained the story got it from somebody; but no effort was made to check it with my office, with the chief of the general staff, with the director of public relations, or with the adjutant general; and they are, I think, the only officers qualified to speak authoritatively on a matter of this kind.

The fact that these other reserve army units have not been chosen at this stage does not indicate that they will not have their chance. Our hope is that as this plan develops, each of the reserve force units will make a similar contribution, so that in a

period of two or three years all the reserve force units may have experienced and trained officers and men, who have had recent experience abroad, available to the extent of a company or its equivalent, so that in that way, together with the veterans and the other trained soldiers available, it will greatly shorten the time within which our reserve force will be able to mobilize the force we shall need.

In this plan our intention is to have married men who serve for twelve months overseas and single men who serve for twenty-four months overseas entitled to receive their discharge, although the terms of their military enlistment may not have elapsed. But that of course will depend on the military situation, and we cannot foresee that.

To turn to the question of manpower, while the figures for April are not yet available, estimates show an intake for that month of 2,452 and an outgo of 518, making a net increase of 1,934, which maintains the very good record we have been having, bringing the strength of the three active forces to the figure of 70,361. At this rate, or at anything like it, taken together with the added impetus which we believe will be given by raising the 27th Canadian infantry brigade, it should be possible to see the target for our armed forces and full-time civilian employees of something like 150,000 at March 31, 1954, is likely to be achieved in one-half that time. This target is something which we set down for planning purposes. But we aim to go ahead with our plans and with our programs as fast as the money voted by parliament will permit.

We have had a large number of inquiries from women wishing to join the regular air force or the reserve forces of the three services, in accordance with the announcement I made. As I said then, recruiting for these will not start until the summer, when there will be public announcements. It was not my intention to make this announcement until later. However, a leak occurred, though not through military sources. The article in the R.C.A.F. publication *The Roundel*, which was said to be the basis for the story referring to W.D.'s in the logistic organization of the armed forces, was actually written more than two years ago, more than two years before the cabinet authorized the recruitment of women. Recruiting will be begun this summer.

We shall have a limited number of places for officers. We mean to have as little overhead as possible, no special establishment and few officers outside of those engaged directly in planning at headquarters, either here or in commands. Women are to be recruited to do particularly work now being done by men, but which can be done as well or better by women, such as radar planning and plotting, radio-teletype communications, clerical duties and the like. Women who believe they have officer qualifications may write to defence headquarters now describing their qualifications either in the services or in civilian life. Their applications will be received and we can process them. Writing in now will not give them a favoured place over those who do not write, or over those whom we may select later.

The white paper and statements made by the Minister of Defence Production deal with the subject of equipment and I have very little to add at this time. However, I have some new figures which the house has not heard yet, and which may be interesting. Defence orders placed during the year 1949-50 may be compared with those placed in 1950-51 in the following table, which involves totals of more than $25 million:

	1949-50	1950-51
Aircraft	$88,517,449	$328,937,126
Ships	4,188,196	79,171,485
Tank-automotive	12,383,629	64,581,959
Weapons, ammunition and explosives	3,084,334	41,933,146
Electronics and communication equipment	16,779,462	89,209,218
Clothing and equipage	16,710,614	20,127,614
Building construction, maintenance, supplies and equipment	41,851,524	90,550,503

Other items bring the total for the two years to $244,709,352 for 1949-50 and $800,816,068 for 1950-51.

In the field of construction, during the period September 30, 1950, to April 30, 1951, there were thirty contracts awarded for construction projects involving amounts of over $500,000 each. During the last six months the Department of Defence Production and Defence Construction Limited have let contracts totalling $520,266,137. During the first six months of the second world war the corresponding figure was $136,120,288.

The appropriation sought for the current fiscal year 1951-52 of $1,600 million, or the amount available for defence purposes from all sources, $1,879 million, may be compared with the expenditures on defence amounting to $195,999,201 in 1947-48; $268,804,813 in 1948-49; $384,879,008 in 1949-50; and $587 million for 1950-51.

At this time last year the appropriation sought was $425 million. The present figure is a little more than four times as much. The appropriation for last year of $425 million was increased by a supplementary vote of $145,200,000 passed at the special session in August, bringing the total up to $567,200,000.

To this there should be added a final supplementary adopted in March of $21,575,166, making a total appropriation for 1951 of $588,775,366. Out of this we estimate that we shall spend $587 million, or $1,700,000 less than appropriated.

The table appearing in the white paper at page 29 shows that the figure of $1,879 million is 47·5 per cent of the national budget, 11·67 per cent of the estimated national income for 1951-52, 9·4 per cent of the gross national product for the same year and $134.27 per capita.

This year the official estimates of the federal government amount to $3,586,915,657. Of this a total of no less than $1,365 million are payments fixed by parliament for debt services, subsidies to the provinces, social security payments, or covered by post office revenues and miscellaneous refunds and consequently not subject to government control. The amount of federal government expenditure within the control of the government for all operations of government, apart from defence, is therefore $516,600,000.

In the white paper there are charts showing the distribution of the defence program, measured in dollars and in percentages as between the navy, army and air force, and also between the main objects of expenditure. The percentage of the defence program allotted to the air force shows a steady increase from 25·6 per cent in 1946-47 to 47·8 per cent in the present program. This change in emphasis follows the change in policy adopted by most of our allies; but we by all odds are spending the greatest proportion on air defence of any country in the world. The reasons for that are obvious. We have great facilities for aircraft production and air training. Our record in the air is very definitely a fine one. We have shown that we have the skills not only to fly but to administer, and to train aircrew and groundcrew. We have the skills to keep aircraft flying in the air, and the skills required to make them. And in these respects, with the production of the F-86E, which is moving on well, and production of the CF-100 Canuck, as well as the Orenda engine, and the Beaver, as well as a reconversion program of over 200 aircraft still to be completed, we shall be spending very large sums indeed on the air force for the next three years. During that time we shall acquire or produce a total of no less than 3,300 aircraft.

As I have indicated, this is a three year program. I have seen some criticism on the score that this term is too long, that it should be completed more rapidly. For that matter, one week may be too long. We have no means of telling. But if today we had all the forces we would like to have at this time we would not be spending $1,879 million on building them up. The same is true of any other country. It is necessary to plan for a period longer than a single year so as to provide for a build-up of personnel, equipment and accommodation that is steady, in balance, co-ordinated and consequently as efficient as possible. This period of three years is being used by a number of the North Atlantic treaty nations. It is the period used in the program of the United Kingdom.

But that is the target. As I have said, we will press on just as fast as we can to do the job, given the resources made available by parliament. As I have said also, it may be estimated that with anything like the current rate of recruitment we will reach the objective as at present planned of having something over 150,000 service personnel and civilians in the armed forces in a year and a half rather than in three years.

May I summarize once again what this program is intended, and what I believe it will enable us, to do. First, to provide for the defence of Canada against direct attack and the protection of our coast and shipping lanes. Second, maintain and reinforce the 25th Canadian infantry brigade in Korea, as well as naval vessels and air force, as long as they are needed in that theatre. Third, build up a brigade group and eleven squadrons for the integrated force in Europe. Fourth, provide for replacements and rotation. Fifth, provide suitable equipment, ships, tanks, aircraft of the latest types for our forces.

It provides also for the build-up of mobilization stores and equipment and a considerable part of the accommodation that might be needed by the forces we would expect to employ in the first year of general war, should there be one. I am sure that that program has the support of every hon. member of the house.

It is possible for us to carry out this substantial program and still balance the budget by reason of the buoyant condition of our economy today. This was made clear by the very comprehensive budget report on the situation presented in this house by my colleague, the Minister of Finance (Mr. Abbott). I assure you, Mr. Chairman, and the committee that we and the armed forces appreciate what it has meant to my colleagues and their departments to make substantial cuts in what in normal times would be a reasonable level of activity for them, in order to make possible a greater national defence effort without upsetting the economy.

This places an even further responsibility on the minister and the Department of

National Defence to observe the utmost in economy. Despite further substantial increases in the size of the armed forces, we plan to have very little increase in the administrative personnel. While we will maintain every effort to effect every possible economy, I should like to say in fairness to our armed forces that our overhead is, I believe, proportionately less than in other comparable countries.

A quantitative test of the extent to which the navy is operational is the proportion of men at sea. In Canada that proportion is about 40 per cent, which is even higher than it was during the war. Members will observe from an answer tabled in the house last Monday that the 15 ships of the Canadian navy in commission during the year 1950 spent a total of 1,724 days at sea as compared with 1,287 days at sea for the 13 ships in 1949 and 1,186 days at sea for the 10 ships in 1948.

Today we have in numbers, although not in formations of men trained and ready to fit into their places in a division, the equivalent of more than a division. If that is taken as the way in which to count the divisional slice, and I suggest that any counting of a divisional slice is a very arbitrary operation and one would have to probe very carefully into any figures given, such as those by the Alsop brothers or any other writers, to make sure of the basis on which they are given, we have a divisional slice which is about half of what we had during the war and considerably less than the reported divisional slice for either the United Kingdom or the United States.

For air forces the test is the number of hours flown per aircraft per month, and in this respect the performance of the R.C.A.F. compares favourably with that of other countries.

This does not mean that we will rest where we are, that this money will be wasted. All the measures of economy that the government, the Department of Finance, the treasury board, the Department of National Defence and the services can bring to bear will be brought to bear and we will see to it that the best possible use is made of this money.

In order that we may have the discussion of these estimates in the order most convenient to members, I would suggest that we follow the practice of recent years. This is entirely a matter for the committee and there is no thought of binding it, but it would be a desirable thing and I am sure one that would meet the views of all quarters of the house if hon. members wishing to make statements about defence generally should do so at the outset. We could then follow with a detailed consideration of the estimates beginning at page 269, taking the main heads in the following order: administration, inspection services, civil defence—I would point out that, since the responsibility for civil defence was transferred to the Minister of National Health and Welfare by an order in council dated February 23, this branch of activity falls under that minister and I expect he will be here to make a short statement and to answer any questions—imperial war graves commission, navy, army, air force, defence research, mutual aid, grants, et cetera, pensions.

I repeat that the aim of all this is not war, but peace, peace through the prevention of aggression. With the great efforts being put forth in other countries as well as in Canada, it is our hope, yes, our belief, that we will be able to achieve our objective and preserve peace. With our freedom in the balance, this great effort must be taken and must succeed.

Mr. Pearkes: Mr. Chairman, the method of examining these estimates suggested by the minister will, I feel sure, be acceptable to members on this side of the house. Before passing on to the detailed examination of the estimates, I should like to make a few general remarks on the question of defence. In doing so I cannot help but recall the fact that today is the 8th day of May, and the 8th day of May is generally known as V-E day. It is a strange coincidence that on the anniversary of the day when in northwest Europe the cease fire was sounded there will again be Canadian troops landing on foreign soil with many of their former allies in pursuit of those same high ideals.

It has been my privilege, and perhaps my misfortune, to follow the minister immediately after he has completed his statement on the presentation of his annual estimates for the past five or six years. Over this period of time the world situation has demanded a progressively greater proportion of our national budget to be allocated to national defence. Conscious of the deteriorating international situation, the official opposition has never placed any obstacle in the way of the government in raising the funds which the minister has considered necessary to provide this country with reasonable measures of defence. On the contrary, the opposition has frequently taken a lead in urging more effective defence measures and asking for more adequate forces than were being provided in the minister's forecasts in previous years.

We have felt all too frequently in the past that the government has failed to take a realistic view of the state of our armed forces, and that it also failed to relate the state of those forces in true perspective to the dangers which were facing this and other free nations. I am inclined to think that if more heed had been paid to our warnings the development of our forces would have been further advanced today than it is. I am perfectly conscious that I shall be told that the development of such inventions as modern radar, the F-86E and the CF-100 could not have proceeded any faster than it has. I admit quite freely that two years ago I criticized the then F-86, but the F-86 of two years ago and the F-86E of today are quite different aircraft. The F-86E of today has far more thrust and ability to climb, and greater manœuvrability than the original F-86 ever had.

Perhaps if we had gone ahead and developed the F-86 two years ago we should not have had the same efficient machine that is now being developed, but there are many other fields of activity in which it would have been safe to have gone ahead. We could have increased the number of men and generally raised the state of our armed forces to a much higher degree of efficiency than they have at the present time if the government had listened more to the warnings of the opposition. If that had been done, as the minister has said this afternoon, it would not have been necessary to allocate such a large sum of money for defence as is to be spent this year, the sum of $1,879 million.

Parliament is asked to provide that sum of money to be expended during the present year. If that amount of money had been spread more evenly over the past three years, shall we say, the inflationary tendencies which are so evident today would have been curbed, and also much of the material which we are now purchasing in competition with a booming civilian market could have been purchased at cheaper prices. Thus by delaying war preparedness until this time the government has tended to increase inflation and thereby has placed an additional burden on the taxpayers by increasing the cost of living. I feel that essential materials could have been purchased two, three or four years ago at much reduced prices to those now being paid.

However, I do not intend to engage in what might be called the not unattractive pastime of "I told you so". The recorded debates of this house bear ample evidence of my claim that the opposition has applied the spur to the minister more frequently than the curb.

[Mr. Pearkes.]

It has never been an easy task to follow the minister's carefully prepared statement. We have no indication of what is going to be disclosed before the minister makes his statement. The opposition's difficulties are aggravated by a lack of information, and any suggestions which have been advanced to try to make the task of constructive criticism easier for the opposition have been frowned upon by the minister as is the case whenever it has been suggested that a defence committee would assist in that manner.

Today we are perhaps in a little better position than we have been in previous years because the government's program for defence preparedness was announced early in February. Later statements have amplified the general program, and even the white paper issued last night is in the main an amplification of the previous announcements. The minister's speech today, towards the end, most certainly gave us additional information. A good deal of time, not unnaturally, was spent on a historical review of what has been happening in Korea, although at one period in his remarks I thought that we had perhaps wandered into the public accounts committee as he went into considerable detail of how the money had been spent over the last two or three years.

However, he did not follow up that discussion to its logical conclusion by telling us how much of the appropriations is to be allotted for tanks and other equipment out of this year's program. He contented himself by telling us how much had been spent on those particular articles in years gone by. I hope that when we get into the detailed discussion of the various items the minister will then be able to enlighten us and will give us a break-down in corresponding detail, if that is possible.

Recognizing these limitations upon the opposition, Mr. Chairman, we shall do our best to offer some comments on the government's defence program and the manner in which it is proposed to allot the moneys parliament is now being asked to provide in order to implement that program. Before reviewing the program itself, however, I should like to join with the minister and pay my tribute and the tribute of the opposition members to the gallant men of the Royal Canadian Navy now serving in far eastern waters with the various Canadian destroyers; to the men of the 25th brigade now in Korea; and to the men of 426 transport squadron of the R.C.A.F. It goes without saying that in the past months these men have lived up to the highest traditions of Canadians who in previous wars have fought for the freedom of

this land, and that they will continue to do so in future.

As in previous wars, all parts of Canada are represented. I was pleased to hear the minister refer to the contribution being made by the province of Quebec and our French-speaking Canadians. When I went to Fort Lewis in January I was impressed by the efficiency of the Royal 22nd Regiment, both the second and third battalions, and by French-speaking soldiers serving with other units, who did not come solely from the province of Quebec. I endorse what the minister has said, and add that I believe all sections of this country have responded to the call equally in proportion to the population of the various racial divisions of our country. While at Fort Lewis I was impressed by the similarity of outlook in all units, and by the spirit of true comradeship which existed not only within the units themselves but between the various units of the brigade. There was a common desire to do the job at hand, with little or no unhealthy rivalry as between the various units. Nor would I like this occasion to pass without making reference to the sacrifices being made by our allies whose forces are fighting in Korea under the flag of the United Nations. It was with particular interest that we read a few days ago of the magnificent stand made by the Gloucestershire Regiment. I single out that regiment because for many years the Gloucestershire has been allied with the senior infantry regiment in the Canadian army, the Royal Canadian Regiment. It is of interest to note that once again the Gloucestershire Regiment and the Royal Canadian Regiment will be fighting side by side.

The estimates we are now to consider are designed to implement the program first announced by the minister on February 5 and repeated on several occasions since. The international background which has necessitated these expanded defence measures was explained in the house yesterday. It is a confused and complex situation, which has forced many nations to abandon their traditional foreign policies. There is an indication that for many years we shall have to live in an atmosphere of high tension. There can be no peace with the rulers in the Kremlin, because there is no basis of understanding with men whose superiority complex and sense of omnipotence would mould all the peoples of this planet into their way of thinking. Yet there must be no war, in spite of an understandable desire to cut short this period of tension. Thus we have the paradoxical situation of no peace and no war. To that end the free nations must be strong enough to thwart communist designs for world-wide aggression, and at the same time must exercise sufficient restraint to make the enemy realize that we will not easily be provoked into open warfare.

The blueprint of the government's program to meet this ambiguous situation was announced on February 5, when it received the general support of the opposition. In very brief outline the blueprint, if I may call it such, indicates that there will be 100 ships in the Royal Canadian Navy, with many small craft, either new or refitted or newly armed. As far as the army is concerned there will be the airborne striking force, anti-aircraft artillery and other units for the defence of Canada against direct attack. There will be the part of the army with General Eisenhower's force. The extent of that contribution was announced just a couple of days ago; we are to raise, train and equip the 27th brigade. Part of the Canadian force will still be serving in the Far East, and steps are to be taken to rotate the personnel who are there. In addition we are to maintain administrative staff, training establishments, depots, stores, clothing and equipment to provide for rapid mobilization should a total war effort be required. When we turn to the Royal Canadian Air Force, we are to have forty regular and reserve squadrons with more than 3,000 aircraft in addition to those we now have. There is to be an extension of the radar system, which is to be fully manned. In Europe we are to have an air division of some eleven fighter squadrons, and airfields, men and equipment to train large numbers of aircrew for ourselves and other countries.

That, in brief, is the blueprint of the program. We are told that in order to carry out these commitments the strength of the service is to be increased to about 115,000 full-time, active service personnel, and the minister repeated that figure today. That, I fear, is an understatement of the manpower requirement. I feel it is a miscalculation which may throw out of gear the whole concept of our plan. I do not believe 115,000 men will be sufficient to meet all those commitments which were announced on February 5 and repeated today.

Mr. Claxton: Later I said it would be over 115,000.

Mr. Pearkes: The figure previously announced was 115,000, and I do not feel that this would meet all the commitments that have been indicated. The minister has stressed the accelerated recruitment. In previous discussions during this session I said, and I meant it, that we should endeavour to assist the minister to obtain the men that are required. I believe that many members on

all sides of the house have already lent their aid and influence in the recruiting of the personnel required.

During the first three months of this year there has been a steady increase, though I do not think it is a spectacular increase. For the navy, at the end of 1950, there were 10,184, all ranks; by the end of March, according to the figures published in this white paper, there were 11,082. The increase from the end of the year for the army was from 32,456 to 34,986; for the R.C.A.F., from 18,436 to 22,359. From the figures which were given by the minister a few minutes ago it would seem that the same rate of increase was maintained during the month of April, roughly speaking about 2,000 for all three services every month. We must face up to the fact that the early months of any year is the period of time when there is more unemployment in the land. I believe one would be optimistic to believe that for the next three months we shall be able to maintain that same rate of increase. I hope we can, but it may require renewed and more vigorous efforts on the part of the government.

There is a point regarding this recruitment which I believe should be brought to the committee's attention. These men have been recruited, may I say, in the haphazard manner in which Canada has always mobilized her manpower for war. Little, if any, consideration has been given to the needs of industry, agriculture or war industry. Lessons that might have been learned, I fear, have not been heeded. Even when this government at the beginning of this session, prompted by outside sources, set up a manpower advisory council, we find that that council has been submerged in a morass of procrastination. The council was authorized on February 1, and since that date has held but one meeting. Thus we drift along in the same old way, leaving it entirely to chance whether a recruit volunteers for service in the particular section of the armed forces for which he is best suited, if indeed he is better suited for the armed forces than for defence production, industry or agriculture. The decision is left entirely to the recruit who, having very little knowledge of the requirements, must decide between the appeals of the minister for defence and the minister for defence production. The delay in calling a second meeting of this manpower advisory council is, in my opinion, unforgivable.

I hope that the same haste will not be displayed in the recruiting of the 27th brigade that was seen during the period of the recruitment of the Korean force. I am rather suspicious of the figures which were announced by the minister today, 1,200 applications having been received during the first day of recruiting for the 27th brigade. The result of that hasty recruiting for the Korean force was that over 700 men were discharged as being medically unfit, and others were discharged within a few months for other reasons. There is not the same haste today to recruit the 27th brigade as there was to recruit the 25th brigade. Whether or not there is a need for speed, I do stress the importance of a thorough medical examination before anyone is enlisted into the force. Time will be saved in the long run, and a great deal of expense will be saved the Canadian taxpayers.

The minister stated that the recruiting drive to mobilize the 27th brigade commenced yesterday. The difficulties and petty annoyances that arose in connection with the organization of the 25th brigade or the special Korean force will, I hope, be avoided. On the fourth of May the minister stated that there is only one Canadian army today, and that is a most desirable condition. I hope that ideal will be maintained. We came very close to having a two-army system last fall as a result of the manner in which the special force was raised. Figures have been given concerning the supply of officers for the services. While it may be comforting to know —these figures were given in the white paper —that there is available a pool of some 57,000 veteran officers from world war II, we must not overlook the fact that advancing years will disqualify, if they have not already done so, many of these veteran officers. Young leaders are required. I was rather surprised at the very small quotas which had been allotted to the officers' training establishment in the various universities. According to figures which were given to me in reply to a question I asked a few days ago to all intents and purposes the universities across the country reached the quotas which were allocated to them. This is an indication that the universities and the university students are prepared to do, and are doing, their full share in this respect.

Mr. Claxton: The quotas were virtually adjusted to what the universities could do. We hope they are going to do more.

Mr. Pearkes: As I say, practically every university fulfilled the quota which had been given to it. I believe that is very commendable, but I am going to ask you to increase those quotas in the future.

Mr. Claxton: We shall ask them to do everything they can.

Mr. Pearkes: There is no obligation upon these university students who go through officer training classes to join one or the other of the services. At the same time, that is a method which has created an available pool of young leaders, and I have sufficient confidence in young Canada to believe a large proportion of them will respond to the call.

In view of the expansion contemplated for the forces, and the officer requirement, I am wondering whether we are getting full value from the two service colleges. I am inclined to think that the four-year course, without the obligation of joining the active forces at the conclusion of those four years, may be a luxury which we can hardly afforded to maintain in the present crisis. It may therefore be necessary at this time to introduce some modification of the terms for admittance to those colleges and the length of the various courses; because the output from those colleges at the present time is almost negligible in relation to the demand.

I have just one other observation to make with regard to state-assisted education. It does not always seem to produce the results that are expected. Many veterans of world war II were given college educations at the conclusion of hostilities, in accordance with the rehabilitation plan. I sincerely hope that the other professions have responded more readily than has the medical profession; because I was greatly surprised to find that only two medical officers with the Korean force were medical men who were not in the active army. I do not think that fact reflects high credit on the medical profession as a whole and I cannot help wondering—and I should like the minister to be able to tell me—what percentage of the technical officers trained under our rehabilitation plan after the last war are now serving in the forces at the present time.

I now turn to another point. I cannot help expressing some regret at the indifferent results which have been achieved in the sphere of standardization of arms among the forces of the north Atlantic powers. That Canada should be in the process of exchanging United Kingdom types for United States types can hardly be called standardization. If we have sent to the United Kingdom equipment for three divisions for Europe, it has not yet been replaced by United States types. I would have hoped that we should have reached a stage by now when European countries and American countries could use far more of the same type of arms and equipment than they are apparently using today. Standardization has hardly begun. I hope that the government will use every effort to further the desirable objective of standardization which is required. There is still uncertainty even as to the type of rifle that the troops are to carry. When that decision is made as to what rifle we in Canada are to have, I hope that we shall at least see the three services carrying the same rifle.

The same uncertainty exists in regard to the light machine gun. Is it still to be the Bren gun? If so, it should be remodelled to conform either with the British .280 or with the United States .300. If we are to keep it, a decision must be reached to remodel the Bren gun along one of those lines; or, if we are going to discard it altogether, then the sooner we know what is to replace it, the better. You cannot go into action with a small unit having many different calibres of ammunition.

Another point on the same matter of arms is this. We note that some 400 3·7″ ack-ack guns have been sent to Europe. These are to be replaced by United States 90 millimetre guns.

Mr. Claxton: Excuse me, they have not been sent; they will be sent if arrangements can be made.

Mr. Pearkes: Oh, they will be sent? The wording I have here is that they have been sent, but apparently that is an error. I hope that no time will be lost between the date when these 3·7's go and the date when the 90 millimetre guns replace them.

To come to the question of armament within the services, in previous years the minister has made much of the unification among the three services. We find that this policy in some respects does not appear to be continuing; in fact, it appears to be discontinued at least in so far as the operation, maintenance and repair of motor transport is concerned because each of the armed services—the navy, the army and the air force—has now reverted to its own methods of maintenance and has assumed the responsibility for the repair of its own vehicles.

Surely the maintenance of motor vehicles of a similar type should have been co-ordinated and should remain co-ordinated and uniform if the principle of unification is to hold. Has that principle of unification failed? Or is the desire to work together lacking amongst some of the forces? A co-ordinated or unified policy, though the various services may at times have to go through a slimming process, is far more likely to produce economical and effective results than is a system under which each of the services is working on its own. I cannot help feeling that the reversal of this policy with respect

to the care, maintenance, operation and repair of motor vehicles is detrimental. I have never known an admiral, a general or an air marshal who did not begin by asking for more than his share of anything. With social security expenditures as they are today, it becomes all the more necessary that the department should place orders only for military stores which are absolutely essential.

I have a few remarks I wish to make with regard to the navy. The role of the navy has, I think, been described in this way: The primary responsibility of the Royal Canadian Navy is that of anti-submarine activities. It is interesting to note that with the outbreak of world war I German submarine attacks struck a serious blow at the Royal Navy by sinking three British cruisers in home waters. This success was followed, both in world war I and in world war II, by submarine attacks on warships, merchant vessels and upon the life line of the nations then at war. Between 1914 and 1918, 4,837 merchant ships were sunk. In world war II 2,775 merchant ships were sunk. During those two wars the submarine came nearer than any other weapon to causing our defeat. Since the cessation of hostilities in world war II great developments have taken place, so far as submarine warfare is concerned. According to the semi-official publication, Jane's Fighting Ships, the Russians have some 750 modern submarines at the present time. Anti-submarine defence demands closely co-ordinated teams to search out and to destroy hostile submerged craft. Obviously the inclusion of aircraft in these anti-submarine teams is indicated. It may be assumed that landbased aircraft would be useful within certain specific distances, provided suitable airfields are available on each coast. But for mid-ocean operations it is still I believe the opinion of naval authorities that the air component of these teams can best be supplied by a carrier.

The experience of the last war indicated that carrier-borne aircraft could keep submarine sinkings down. Fighter aircraft, as well as reconnaissance aircraft, must be included in our anti-submarine teams. For years the minister has been calling attention to the development of our new anti-submarine vessels. I do not know how much longer we are to wait for the commissioning of these vessels. I hope every effort will be made to speed up the construction of these new anti-submarine vessels, so that we may not have to rely solely upon the reconverting of the older types.

Today Canada really has no effective anti-submarine teams. During the past year *Magnificent*, accompanied by destroyers, carried out training cruises in anti-submarine warfare. If those tests proved anything, they showed the ineffectiveness and vulnerability of the combination. *Magnificent* is out of date, and the 16 Sea Furies and 20 Firefly aircraft of the skeleton air groups are totally inadequate for the protection of our two oceans.

Nor can *Magnificent* take on her landing decks modern aircraft of the jet-propelled type used in submarine searches. It will be necessary in a very short time either to remodel *Magnificent* or to exchange her for another more up-to-date vessel.

I repeat the statement I made a year ago, that if it is considered desirable for an aircraft carrier to be maintained on the Atlantic, with some four naval aviation squadrons, then some protection of a similar nature should be provided for the Pacific, where the ocean spaces are wider and the facilities for land-based aircraft are less, because the coastal airfields on the Pacific coast have not been maintained adequately since the war.

Reference was made a year ago to the division of the Royal Canadian Navy into operational and training groups. To what extent has that policy been developed? I understand that our second cruiser is being recommissioned. When I first suggested this to the minister he advised me that this was not desirable because the cruiser strength of the United Nations was considered more than adequate. What is the reason for this change in policy in less than twelve months? Is the cruiser *Uganda*, now renamed *Quebec*, to be used purely as a training ship, like *Ontario*? I presume that is the reason.

That brings me to the point as to whether or not these cruisers are really the best type of ship to provide the opportunities we require for the training of navy personnel to meet the role envisaged for the Royal Canadian Navy, namely that of anti-submarine warfare. Cruisers are expensive ships to maintain. Official figures indicate that it cost over $10,000 a day to operate and maintain *Ontario* at sea. Of course it costs nothing like that amount to operate and maintain a destroyer. Consideration should be given to the point of whether we can afford to maintain ships of the *Ontario* type purely for training purposes when, as I say, it costs over $10,000 a day while they are at sea.

The minister indicated that nearly one hundred ships and many small craft, either new or refitted, will be commissioned during the next three years. This will provide a very considerable force, but I suggest that far more information is required on the subject,

which I hope the minister will be able to give when we are dealing with details. Numbers may be grossly misleading. It is obviously a waste of money, though, to keep obsolete ships in reserve. Of course it would be a waste of the lives of young Canadians to man old outworn ships for another shooting war; but we cannot or should not keep in reserve obsolete ships in our yards.

In reply to an official request I was informed that it costs $133 a day to keep a destroyer in reserve, and $83 to keep a frigate. One can see that these figures quickly mount up. If we are to obtain no value from keeping these ships in reserve, then I suggest it would be much better to send them to the scrap pile and have them broken up for steel.

I should like to say this regarding the army. Now is the time to consider providing winter quarters for such troops as will be in training next winter. We cannot afford the luxury of sending troops out of the country, with additional pay, because we do not have winter training quarters. I would ask the minister, when he replies, to tell us how much it is costing the country in additional pay to send the troops to Fort Lewis. I do not know whether the United States asked rental for their buildings, but I suggest we should have information on that point.

Mr. Claxton: I should be glad to give it. They made a very fair arrangement.

Mr. Pearkes: I have only one or two remarks to make concerning the Royal Canadian Air Force. I should like to sound a warning about the multiplicity of types. I hope we will concentrate on those essential types which will fit in with our particular role. I was not impressed with the marine reconnaissance aircraft being converted from the Lancaster that I saw recently. I question very much whether that would be a suitable type.

I know it will take another year before the full results can be seen from the construction of our new aircraft. We should not delay in getting crews ready so that as soon as these plants go into full production the crews will be ready and available to man the aircraft.

I hope that the minister will give the minister who is responsible for civilian defence an opportunity to make a statement before we go into a detailed consideration of the various items. There might be some general remarks we should like to have. As far as this government considers it necessary to raise troops for the defence of Canada, to repress aggression and for the maintenance of those ideals and principles which all three nations have, they will never find the opposition putting obstacles in the way of any well thought out plan.

Mr. Coldwell: Mr. Chairman, this discussion today on defence estimates follows logically the discussion we had yesterday on external affairs. After all, the necessity for defence arises out of the international situation. I think if the people of Canada understand the international situation they will be glad indeed to do what the hon. member for Nanaimo has just suggested, act in unity to prevent aggression against this country and the overthrow of the institutions of democracy which mankind possesses.

In his introductory remarks this afternoon the minister recognized that defence involves more than military preparedness. As I would have expected him to do, he remarked that if we are going to maintain unity in our country and across the world for the defence of democratic institutions we must embark on plans to raise the standards of living and to safeguard and even extend the freedoms that we have. With that sentiment I agree thoroughly.

I want also to join with the hon. member for Nanaimo and the minister in paying a brief tribute to our armed forces fighting in Korea, the army in the field, the navy in the adjacent waters and the R.C.A.F. squadron which is participating in that remarkable airlift from North America to Japan. I think Canada can be proud of those men. In expressing pride in their achievements one also would like to express deep sympathy with those who mourn the loss of the young men who have fallen already in Korea.

It was indeed satisfactory that the minister was able to place before the committee evidence that the appeal by the armed forces has met with response from all parts of Canada, that no part has fallen down in providing its quota of young men for the forces of Canada. I remember the occasion in late September 1944 when I, along with the hon. member for Melfort and the hon. member for Cape Breton South, made up the first civilian party from Canada to visit the cemetery at Dieppe. At that time not all the crosses had been erected, but I remember so well walking down the rows of crosses and noting the names, largely those of the men in whom I was interested, those of the South Saskatchewan Regiment. I noted that these names indicated various religious and racial backgrounds, French, Ukrainian, Jewish, Scandinavian, English, Polish, even German and so on. There they were lying

together in the cemetery representing the diverse peoples who are helping to build this Canada of ours.

I am going to ask the minister if anything is being done similar to that which was done in the last war to inform the young men who are fighting in the Korean war as to what they are fighting for. I remember I asked this question last September. It was prompted by the fact that on a previous Sunday evening I had heard a broadcast of a discussion between a Toronto newspaperman and United States reporters in Tokyo. The newspaperman was J. B. McGeachy and he was asking what had been done to inform the young men who were fighting as to what they were fighting for. I remember that the United States correspondents in Tokyo could not answer that question; indeed they did not seem to understand what the question involved.

About a week or ten days ago I was visited by a Canadian lady and gentleman who have a son, a lieutenant, in the United States air forces. That son is back in the United States having suffered injuries in Korea. They had visited him and his comrades in hospital. They told me that that lad and the young men with him were puzzled as to why they had been in Korea and for what they were fighting in that country. When hon. members get the Ottawa *Citizen* a little later this evening, if they will turn to the editorial page they will find some questions asked by a Canadian journalist and answers by another Canadian journalist, who is also apparently an editor of *Maclean's* magazine and recently returned from Korea. The first question was whether our boys overseas know what they are fighting for and what it is all about. The answer given is that most of the officers know, but almost invariably the men cannot answer the question as to why they are there and what they are fighting for.

Since we were so successful in the last war in informing the young men in the armed forces of Canada and in the allied forces as to what the war was all about, I think steps should be taken again to inform the young men engaged in the struggle in Korea as to why they are there and what they are fighting for. I believe that they are there because an act of aggression was committed by North Korean forces last June. They are fighting to prevent further communist aggression in other places in the future. That is one point the department might keep in mind.

Last autumn and again yesterday I said that in building up our defence forces I think the first step should be, and it may still be advisable to do it, to make a thorough appraisal of our resources. I noted that the hon. member for Nanaimo in the excellent speech he made a few minutes ago spoke of present recruiting and the necessity of considering the interests of industry and agriculture, both vital to our defence effort. It seems to me that in order to do that efficiently we need to have an appraisal of our manpower resources to a greater extent than is being made by the manpower committee. Further, that appraisal should also involve an appraisal of the industrial possibilities of Canada, of agriculture and of our natural resources because should war come I think that Canada's principal contribution may still be not in the realm of armed forces but rather, remote as we hope to be although we may not be altogether as remote as the last time from the threat of bombing, that we may be called upon to contribute very heavily to the equipment of such armed forces as there may be and for the production of vast quantities of food and raw materials. Therefore we need to adopt a policy of defence which involves more than merely the provision of armed forces, although that must be a vital part of any defence effort that we make.

In that connection we have to consider the relationship of several fields of defence in which we may be called upon to operate. First there is Canada's own defence, including of course civilian defence against the effects of spasmodic bombing. Then there is our continental defence, our contribution to the defence of the northern part of North America, because perchance this time there may be sporadic raids across the pole, across Siberia, over Alaska, and attempts made indeed to land raiding parties from the air to dislocate our industrial life through the northern reaches of our country. Third, we have of course the obligations we have assumed under the North Atlantic alliance. Lastly, there are our obligations under the United Nations. The obligations that we have thus assumed are very great, very wide. They will demand a great expenditure of effort and of money on the part of Canada.

One of the first things that could have been done, I think, in placing the problem of defence before the house was for the minister, and indeed other members of the government, to have made very comprehensive statements regarding our obligations, and what we are expected to do in the respective fields in which we have made most substantial commitments. You know, from listening to the ministers, and from reading the transcripts of the discussions in the public accounts committee, I think the position of

Canada seems to be that which was stated in yesterday's issue of *Time* magazine with relation to Washington. Hon. members who have read it will probably remember that the article contained the following:

> What could a nation make of a leadership whose top military men discoursed confidently of their forces, not the forces of today, but what they plan to have two years from now?

It seems to me that one of the weaknesses in our discussions of defence is that we are talking about the equipment, men and so on that we expect to have two years from now, and we are not paying sufficient attention as a parliament to what we already have. I say to the minister that I think some opportunity should be given hon. members to understand more precisely what the government is doing. I think there would be much more confidence in the department if hon. members were better informed as to what the department is actually doing. I remember that during the last war we had a war expenditures committee. That committee met in camera quite often. Officials of the department came before the committee, and we were often given quite vital and confidential information regarding equipment, supplies, and new methods of war.

I remember very distinctly that some quite secret and confidential explosives were shown to us long before they were used. Their use was explained and the reason why we had appropriated sums of money in order that the experiments leading up to the production of the explosives might be made. In parliament we have no means of knowing exactly what the government is doing in many respects. Obviously, there are some questions that hon. members are reluctant to ask on the floor of the house or in a committee of this description, but they are questions which should be answered. As I said, I think that a committee like the war expenditures committee, before which departmental officials could appear, and to which information could be given which in the interests of security could not be given in committee of supply or in a public session of the house, should be set up in order that those members of the house who would be members of the committee would be able to reassure their colleagues in the same confidential manner.

In the second world war I do not remember a single instance during the existence of the war expenditures committee when anything of a secret or confidential nature was divulged improperly. I think it would be well if something of that sort could be done again in the interests of unity in the house, and in order to give the house confidence in the defence administration and the country confidence in its parliament. Someone has said that the public accounts committee can make inquiries, but the public accounts committee is limited to the fiscal year ending on the 31st of March, 1950, the last public accounts available.

Mr. Macdonnell (Greenwood): Fourteen months ago.

Mr. Coldwell: Fourteen months ago, precisely. We want to know what has transpired during the fourteen months that have elapsed. When the house adopted Bill No. 133 last year we surrendered a good many of our rights to the government and to the Department of National Defence. The measure gave the cabinet power to decide the number and extent of the armed forces, for example, something which prior to that time always had to be approved by parliament. We gave the minister great powers under that measure. I think the house agreed to the bill rather reluctantly because we believed that there was tremendous urgency to get certain things done, and we were very uncertain as to what was going to happen in the immediate future. But what progress has been made during the past year in obtaining the equipment for which large sums have been appropriated? This afternoon the minister mentioned many millions of dollars of equipment authorized through defence production, but how much of that equipment has been obtained? To what extent has defence production placed orders for that equipment with the industrial groups which can provide it? In February the hon. member for Moose Jaw asked some questions and on February 23 this year a return was brought down. The questions were these:

> Since June, 1950, have any defence contracts been placed with (a) Ford Motor Company; (b) General Motors; (c) Chrysler Motor Corporation; (d) Studebaker of Canada?

The answers were:

> (a) Yes; (b) yes; (c) yes; (d) no.

Then there was this further question:

> If so, what was the dollar value of contracts placed with each company?

The answer was:

> (a) $606,229; (b) $939,546; (c) $939,437; (d) nil.

The next question was:

> Has any of the equipment been actually turned over to the defence forces?

The answer was yes; but as of that date in February, defence contracts for transportation equipment and so on had been let to the extent of only two and a half million dollars, and apparently the situation is not very much better now. I have a Canadian

Press dispatch dated Windsor, April 30, 1951, containing a report of the annual statement of the president of the Ford Motor Company to his shareholders, and I think perhaps I had better read it in case the minister should want to comment on it:

In his annual report to shareholders here today, Rhys M. Sale, president of Ford of Canada, said he wanted to "clear the air" of misleading and conflicting stories about the defence production role of his company by saying that "up to this moment" Ford has not been called upon to participate in the national preparedness program.

After reporting that 800 workers had been laid off because necessary steel parts were not available from the United States, Mr. Sale said it would be wasteful for any part of the Ford plant or any number of its workers to stand idle when Canada needs to strengthen its defensive power.

Mr. Sale announced that a major expansion in manufacturing facilities will get under way at the giant Windsor plant "as soon as circumstances permit." He added the company is not yet ready to announce the nature of the project.

The Ford president said, however, that work on a large central parts depot here, as well as similar depots at Montreal and Regina has been held up indefinitely because the company has been unable to obtain construction permits from Ottawa Mr. Sale said "almost daily increases in material costs and a further demand for substantial wage increases" may leave the company with no alternative but to raise prices on its products.

Mr. Sale said the company has had an inquiry from the government about producing a special military jeep. If the company got the contract, he remarked, it would not "provide an answer, in any sense, to the possible unemployment problem that may result from material shortages or reduced sales."

To me that statement is very disturbing, first because it indicates a failure to grant the necessary permits—though this does not concern the minister—for the expansion of the industry when material becomes available; and that in the face of the needs the minister outlined this afternoon. It is disturbing in the second place because it indicates a lack of co-operation between the United States and Canada in the matter of certain parts and supplies; and the third reason it is disturbing, of course, is because of the prospect of unemployment in the industry. It further indicates, of course, that rising prices may once again reduce the value of our defence dollar.

These are matters of the type into which more careful inquiry should be made than is possible in this committee, or during a formal house debate. A special committee of parliament, similar to the committee on war expenditures which we had during the last war and which functioned so well, I think would be useful and would be warranted. Then we are told there is some difficulty due to the hesitation of the United States in placing substantial orders in Canada in order that we may get the necessary United States dollars with which to buy parts in that country. I noticed that early last month the Minister of National Defence made a speech in New York in which he said the Canadian government had placed $159 million in firm orders in the United States for various defence materials, as against only $9 million of firm United States orders placed in Canada; and I believe he also said we expected to place something like $300 million of orders in the United States in the current financial year. Is our production being retarded through lack of co-operation by the United States in the provision of vital parts? If so, I think publicity should be given the matter, and every effort should be made to remedy the situation. I have no doubt that has been done already.

Mr. Macdonnell (Greenwood): Would the hon. member permit a question?

Mr. Coldwell: Certainly, though I may not be able to answer it.

Mr. Macdonnell (Greenwood): The hon. member read Mr. Sale's speech, in which he said work was being held up because of the failure to grant permits. What permits were those; from our own government departments?

Mr. Coldwell: I presume they would be from another government department—defence production.

Mr. Hellyer: If the hon. member would permit me, I understood those permits were for the construction of warehouse facilities for Ford parts in different locations in Canada.

Mr. Coldwell: It does not say that. The president said:

—work on a large central parts depot here, as well as similar depots at Montreal and Regina has been held up indefinitely because the company has been unable to obtain construction permits from Ottawa.

Mr. Croll: But they are not doing war work.

Mr. Coldwell: My interpretation would be that these warehouses or depots would be needed in part for the storage of parts required by the Department of National Defence.

Mr. Claxton: Oh, no; we have our own.

Mr. Coldwell: If Mr. Sale has conveyed a wrong impression, the minister can clear it up in the house. I cannot clear it up because I am not aware of what was in Mr. Sale's mind when he made the statement. The figures I have put on record, however, are not those of Mr. Sale; they are official figures brought down by the government and placed on the records of this house something less than three months ago.

Mr. Claxton: If the hon. member will permit me, I think in fairness to all concerned it should be said that between questions and answers, assertions outside the house and comments inside the house, the situation has become far from clear. Either my colleague the Minister of Defence Production, under whose jurisdiction these matters come, or I should make an effort later on to clear it up. It should not be allowed to remain as it appears in the record now.

Mr. Coldwell: That is one of the indications about which I am complaining; that this house is not well informed on a good many things—

Mr. Claxton: There is very good reason for that here.

Mr. Coldwell: —as to what the government is doing or what the policy is. As a member of this house I am not well informed on such matters because we do not get the information that we require. There is no facility for getting it at the present time. Let us have a committee like the war expenditures committee in which we can get the information, and get matters straightened out.

Another question I am going to ask is this. To what extent do customs duties and red tape interfere with the exchange of supplies and commodities amongst the north Atlantic nations? I understand that there is free entry, on a reciprocal basis, of war equipment and the personal belongings of people who are engaged in active service, but that that does not apply to component parts which are purchased by firms engaged on defence contracts. That may be one of the answers to the minister's complaint that only $9 million worth of orders have been placed in Canada by the United States. It may be that the United States tariff wall makes it difficult for United States manufacturers to buy in Canada. If that is so, we should know something about it when we are discussing agreements like the Geneva agreement and, as we shall be soon, the Torquay agreement. We should know about these matters instead of having to glean them from press reports, which I admit I have been doing in trying to understand what we are doing in relation to war equipment.

What is the state of our equipment? This morning my colleague the hon. member for Moose Jaw who is on the public accounts committee, in reply to a question, was told that on March 31, 1950, we did not possess a single modern tank. He was told that in the public accounts committee this morning. In reply to a subsequent question, I understand he was told we had a few now. In other words, it is unlikely that we had a single modern tank to send to Korea last autumn.

Mr. Claxton: We sent self-propelled guns from our own stock that were as good for the purpose as any.

Mr. Coldwell: I am talking about the information that was given in the public accounts committee this morning. I have no doubt that the minister will have a very good reply to what I am saying. What I am complaining about is that this parliament does not know. I am not attacking the minister or his department. I am urging that in the interests of national unity, and our effort in this defence field, this parliament should know what is being done in order that we can assure our constituents that everything is in good shape. As a matter of fact, I have no doubt that some of the questions the members would like to ask would elicit confidential information. Again I say that is one of the reasons I said, at the very outset of my remarks, we should have a committee of the house to which information could be given that could not perhaps be spread all across the pages of *Hansard*.

The member for Nanaimo mentioned jeeps. I want to ask the minister if the manufacture of jeeps in this country has been held up because of difficulties with patents. Is that so? If it is so, then efforts should be made to overcome that difficulty. I was a member of the house in May 1940, and I recall that when calamity faced us at Dunkirk the present Minister of Trade and Commerce, who was the minister of munitions and supply, came before the house and told us we could not proceed with the manufacture of certain vital materials in this country because we could not get the blueprints. We had not control of the patents either, and yet we were all ready to produce the equipment that the allies needed in the worst possible way. Let us see there is no repetition of that. I should like the minister to tell me if that is the situation now, and if so what we are doing about it.

There is the question of standardization. I am not going particularly into this this afternoon because the hon. member for Nanaimo dealt with it. But I have wondered if we are integrating our forces, as we are in Korea, with British formations—apparently that will be the case in western Europe—whether we are wise in adopting United States equipment. I believe that every attempt should be made, as the hon. member suggested a few moments ago, to have standardized equipment amongst all the Atlantic alliance nations. I believe that should be done, but at least we should

standardize our equipment with the formations with which our soldiers may have to work in Europe or anywhere else.

Mr. Macdonnell (Greenwood): In the commonwealth division.

Mr. Coldwell: Yes, if we are integrated in the commonwealth formation we should have common commonwealth equipment.

The minister also mentioned aircraft. According to the record we apparently spent $30 million in the fiscal year ending March 31, 1950, yet I cannot see in the record that any plane was produced. Immediately I say that, I know the difficulty of getting the tools and all the rest of it for new types of planes. But that was in the year 1950. For 1951 we have been told the expenditure was greater than $30 million, how much greater I do not know because we have not the record before us. Is it correct that only two CF-100 planes were produced during that year, one of which was subsequently lost? This afternoon the minister said we would be getting some F-86's. Have we any yet? Have any been turned out on the assembly line? We do not know. The government is responsible to this house, but we members of the house are responsible to our constituents. We are responsible to the people who expect this department to defend them. We are responsible to the people whose taxes will provide the money to purchase that equipment, and there is not one of us who can answer the two questions that I have just asked. The minister may answer them or he may not answer them. It may not be advisable to answer them. Again, that is an answer that could be given to a confidential committee or a committee sitting in camera.

Of course, these questions are asked in the public accounts committee, a public meeting. I can understand the reluctance to answer these questions, and I am not pressing that such questions should be answered.

Mr. Claxton: Both those questions have already been answered.

Mr. Coldwell: Have they been answered?

Mr. Claxton: The information is quite widely known publicly.

Mr. Coldwell: Then I have not seen it in the record or in the press, so I must have missed something.

The hon. member for Nanaimo touched on the question of co-ordinating the forces of Canada. According to the records of the last war the lack of co-ordination created some difficulties. I suppose in order to bring about some co-ordination the government recently appointed a chairman of the staff committee, Lieutenant General Foulkes. I do not know what his authority is or what his powers are. Does it mean that, in effect, we now have a supreme commander of our Canadian forces, and that this has not only been done to co-ordinate the forces of Canada but to eliminate the kind of rivalry one is bound to find when you have three organizations under three separate heads more or less independent except that they are answerable to the minister? I believe some mention should be made of the fact that there is considerable duplication of effort in these three services. As far as I know only one service of great importance to the three forces is unified; I refer to the dental service. We have three medical corps, three nursing services and three hospital services. It seems to me, as it has always seemed, that there is no reason in the world why we could not have one medical, nursing and hospital service in the armed forces of Canada and thus prevent the duplication and apparent waste of medical personnel that has occurred. I know of course that where you have a hospital in an area under control of one of the forces, members of the other armed forces are admitted to it. But in the interests of economy and efficiency in administration, I think that one over-all medical, nursing and hospital plan would eliminate a good deal of waste and a good deal of duplication in the armed services.

The same thing applies, of course, to many of the supplies. I have even read that there is not a common attestation form for the three forces, and that each force has its own types of stationery, forms and all that kind of thing, when many of them might be common to them all.

Let me say just one other word—I will try to conclude now—and that has to do with the reserve forces. I noted what the minister said some time ago, namely that after all the reserve force must be the foundation of the armed forces of Canada. When we look at the record in the report of the Minister of National Defence for the year ending March 31, 1950, we note this in appendix 3 on page 88. If we look at the reserve force, making a comparison with the years 1937-38 or 1935-36 and coming right down to 1949-50, which is the best year since 1945-46, we find 43,047 in the reserve force in 1949-50. In 1939-40 we had 46,855; in 1938-39 we had 51,418; and in 1937-38 we had 45,631 and so on back to 1925-26 when we had 49,075. In other words, the numbers in the reserve

force at the moment are low in comparison with the number prior to the second world war.

The minister this afternoon perhaps gave a partial explanation of that fact when he said that they had called on the reserve force to provide companies or groups to join some of the famous regiments of Canada. That may in part account for this fact. But at the same time I think that all of us in the House of Commons should endeavour to assist the minister and the department in getting young men in the country to train in the reserve force. I think many hon. members have done so. At the same time I think that the department should consider ways and means of offering to young men more inducements than now exist to join the reserve force. I know a suggestion has been made that any pay they receive in connection with the reserve force should be exempt from income tax. Another suggestion that has been made is that they should be allowed something for transportation when they have to travel to the armouries, that better facilities should be provided for training and so on. I think that anything within reason the department can do to make the reserve force more attractive should be done.

All parties in this chamber want to avoid anything in the nature of compulsion. Therefore, because we believe that we should have recruiting for all our armed forces on a voluntary basis, we should co-operate with the department as closely as we can in order to get the results that are necessary. I think the minister is quite right in stating that in the past the reserve forces have been the basis upon which the active forces, when they were needed, were formed and from which recruits were obtained.

There were several other matters about which I intended to say something, but another opportunity will be provided in the discussion on the estimates. I want to assure the minister that the points I have raised this afternoon have been raised in order that members of the House of Commons, and myself as a member, may be informed more completely of what the situation is in the realm of national defence and of what the department and the government are doing to see that the moneys we are appropriating are well spent.

Mr. Claxton: That is one of the purposes of the committee of supply.

At six o'clock the Speaker resumed the chair and the house took recess.

AFTER RECESS

The house resumed at eight o'clock.

PRIVATE BILLS

RUTHENIAN GREEK CATHOLIC EPISCOPAL CORPORATION OF CANADA

The house in committee on Bill No. 174, respecting the Ruthenian Greek Catholic Episcopal Corporation of Canada—Mr. Macdonald (Edmonton East)—Mr. Beaudoin in the chair.

On section 1—*Name changed.*

The Deputy Chairman: This bill has been considered carefully by the committee on miscellaneous private bills, and is now before the committee of the whole.

Mr. Herridge: Would the hon. member for Edmonton East or the hon. member for Comox-Alberni explain the purpose of the bill?

The Deputy Chairman: The purpose of the bill was explained on first reading. Then it went through second reading and was referred to the committee on miscellaneous private bills. It is now to be studied clause by clause. Clause 1 is before the committee.

Mr. Green: Apparently the bill was reported back with an amendment. What is the amendment?

Mr. Fournier (Hull): That can be explained when we reach the amended section.

The Deputy Chairman: Section 1 was amended, and also section 5. In both sections the words "Central Canada" were replaced by the word "Manitoba". If hon. members will look at the fourth line of the first section they will see that the words "Central Canada" have been replaced by the word "Manitoba". The same obtains in the tenth line of section 5.

Section agreed to.

Sections 2 to 5 inclusive agreed to.

Bill reported, read the third time and passed.

DIVORCE BILLS FOR CONSIDERATION IN COMMITTEE

Mr. H. W. Winkler (Lisgar) moved:

That Mr. Speaker do now leave the chair for the house to resolve itself into committee of the whole to consider orders 29 to 98 inclusive, being Bills Nos. 103 to 114, 119 to 129, 132 to 146, 149 to 168, 170, 171 and 178 to 187.

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, I rise on a point of

order. I understand it is proper under standing order 110 for one motion to be made to cover all these bills, so far as referring them to the committee of the whole is concerned, but am I correct in understanding that when we get into committee of the whole it is our right to ask that they be called one at a time?

Mr. Speaker: I would not like to take upon myself the duties of the chairman of committees. I suggest the question will have to be raised there, in committee. Is it the pleasure of the house to adopt the motion?

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

The Deputy Chairman: Order; house in committee of the whole on divorce bills. Shall clause 1 of these bills carry?

Mr. Knowles: Mr. Chairman, I submit it is the right of members of the committee to ask that these bills be called separately, and each bill clause by clause, in keeping with the provisions of standing order 76 and citation 669 in Beauchesne, third edition. I would so request, that they be called one at a time.

The Deputy Chairman: I agree with the hon. member that it is his right to ask that these bills be considered individually. However, if he has particular objection to one or two of the bills, perhaps we might proceed to consider the others as a group, and then the bills to which he objects could be considered separately.

Mr. Knowles: No; I wish to ask questions of the sponsor with respect to each of the bills.

The Deputy Chairman: In which case we will now call Bill No. 103, an act for the relief of Eileen McDermott McRandall.

EILEEN MCDERMOTT MCRANDALL

The house in committee on Bill No. 103 for the relief of Eileen McDermott McRandall —Mr. Winkler—Mr. Beaudoin in the chair.

The Deputy Chairman: Clause 1.

On section 1—*Marriage dissolved.*

Mr. Knowles: Mr. Chairman, I think the committee understands my feelings, that if parliament insists that we are going to deal with these divorce bills here, then we should deal with them in a responsible manner. I do not think we should just pass them en masse without getting certain information, and making sure that we are competent in each case to pass the bill. I would ask the hon. member for Lisgar, who is responsible for the bill, if there are any children in this family?

[Mr. Knowles.]

Mr. Winkler: Perhaps I might be permitted to say at this point—and this will probably answer a number of other questions the hon. member for Winnipeg North Centre might ask—that these bills may be sponsored by any member of the House of Commons. In recent years it has been the practice to send bills to the chairman of the committee for signature.

I have done some research work, although possibly not in any amount comparable with that done by the hon. member for Winnipeg North Centre, in an effort to find out the responsibilities of a member sponsoring these bills, and particularly the responsibilities of the chairman of the committee. I found in the fourth edition of Bourinot that divorces were granted as early as 1835, which was long before confederation, and that at the time of confederation parliament was given jurisdiction over divorce. Therefore it has been more or less an accomplished proceeding. Looking at the *Votes and Proceedings* for May 1, I find, as indicated at page 326, that a long list of divorce bills was presented to the house. These bills have been sent to us from the other house, which recommends that the marriages be dissolved and asks that we give consideration to their adoption. I am sorry I cannot locate the exact words. In view of that, when these bills are sent to my office from the office of the Clerk I sign them without any hesitation. I do not even look at the name on the bill. I take it for granted that the thing has been gone into thoroughly in the other house and that is sufficient for me.

I have satisfied myself that the other house is quite competent in every respect to deal with these things. When they send bills to this house asking for our approval, I am quite satisfied to sign them. I do not think it is my duty to do research work on all these bills and find out particulars such as those asked for by the hon. member in regard to children and dependents. That matter is considered most carefully in every divorce petition.

I do not see why I should be compelled to make statistics which any hon. member can make for himself. He can have his stenographer study the reports which are sent to every member of parliament and make any statistics he wishes. I would be permanently busy making statistics in regard to divorce bills if I were so inclined. Until I have some positive instructions in that regard I do not intend to do anything about it. Consequently I cannot give the hon. member the information he asks for. I have looked into some of these proceedings, but unless I am given other instructions in that

regard I do not intend to make up statistics in regard to the details of these bills.

Mr. Knowles: Mr. Chairman, the hon. member for Lisgar knows full well that when I speak on this matter I am not speaking against him personally in any way whatsoever. He and I are good friends. But it does seem to me that what he has said just now makes the practice through which we go in this House of Commons even more ridiculous than it seemed before. The hon. member permits his name to appear on the order paper two or three hundred times a year as the sponsor of these bills and he now tells us that he signs his name to these bills as chairman of the committee on miscellaneous private bills without even looking to see what names are involved in the divorces he sponsors.

He may be signing his name some day to a bill which will break up one of the happy families around this house. I suggest that he should be more careful. The hon. member has suggested that if I want the information I started to ask for I could ask my stenographer to read these reports that come to our desks and compile the information. I have more respect for my stenographer than to ask her to undertake that kind of chore. As a matter of fact I do not think that any of us were sent here by our constituents to do the kind of research work that is suggested. The hon. member is suggesting that we should go through these cases individually in order to get any information that we may want.

I do not know the parties involved in this first bill. As is her right, Mrs. McRandall has come to parliament to ask for a divorce, and no doubt she is entitled to it. But surely this House of Commons should not be asked to approve of this bill without our being able to get information along the lines I have suggested. It seems to me that we should know whether the McRandalls had any children and, if so, what arrangements have been made for them or what arrangements are contemplated.

My understanding is that an act of parliament dissolving a marriage does not deal with the children at all. I understand that if there are children, proceedings must be taken before an appropriate court. I think we should know the circumstances in that connection before we are asked to approve of this divorce. We should know whether the sponsor of this bill is satisfied that Mrs. McRandall is the innocent party. We should know whether there has been proof that there was no collusion leading up to the petition for divorce. In view of the fact that parliament has decided that we are not going to transfer this business somewhere else, we as responsible members of parliament should undertake this job in a responsible way and find out whether we are competent to grant the divorce set out in Bill No. 103.

Mr. Coldwell: Mr. Chairman, I think the hon. member for Winnipeg North Centre is making an appropriate and effective protest against this method of dealing with divorce. There are over 100 bills in this list and we are asked to give approval without having any knowledge of what is involved. It is all very well to say that a committee in the other place does go into each case separately. I am free to confess that after having seen what is done there on one or two occasions the inquiry is not as perfunctory as it appeared to be at one time. But none the less I think it is time that this House of Commons objected to this manner of dealing with the solemn matter of the dissolution of marriage.

I do not think divorce should be encouraged; indeed I believe quite the opposite, but none the less if divorce is requested by an aggrieved person, that divorce should be granted only after a proper judicial inquiry. I know that two provinces object to the establishment of courts for the granting of divorce and hence these divorce bills are before us tonight. None the less I do not think anyone could object if some facilities were provided in one of our federal courts for an aggrieved person to plead his or her case for divorce. We have got to recognize that we have the divorce problem with us, that we have these bills coming before parliament regularly at every session, and therefore that there is divorce. If we are going to have divorce let us have it done after a proper and decent investigation.

The Deputy Chairman: Order. May I interject that we are on clause 1, and we should not be discussing the principle of divorce nor the methods which are provided for the passage of these divorce bills. What we are discussing now is clause 1 of Bill No. 103, to dissolve the marriage between Eileen McDermott McRandall and Henry McRandall.

Mr. Coldwell: I think perhaps your point is well taken, Mr. Chairman, and I am not objecting to it. If we cannot discuss the principle, however, then the only thing for us to do is to rise and ask for particulars of every one of these divorce bills as they are called.

Section agreed to.

Section 2 agreed to.

Preamble agreed to.

Title agreed to.

Bill reported.

Private Bills—Divorce

LAURICE MARY MICHEL SHATILLA

The house in committee on Bill No. 104, for the relief of Laurice Mary Michel Shatilla —Mr. Winkler—Mr. Beaudoin in the chair.

On section 1—*Marriage dissolved.*

Mr. Knowles: Does the sponsor of this bill or anyone else know any of the particulars in connection with this case? Are there any children?

Mr. McIlraith: Did you read the evidence?

Mr. Fournier (Hull): If you want to know something why do you not read the evidence?

Mr. Knowles: Members opposite are asking me if I have read the evidence. I have the evidence in my office. It is a pile more than a foot high.

Mr. Fournier (Hull): Then why not read it if you are that curious?

Mr. Knowles: Because there are other things more important to the people of Winnipeg North Centre.

Mr. Ross (Souris): The evidence is quite often a racket.

Mr. Knowles: There are things of more importance to the people of Winnipeg North Centre, and I am sure they do not expect me to spend my time reading the pile of evidence that we receive in connection with these divorce cases. My point is that we should not be dealing with these matters, but we are. If we have accepted the job, if a majority of the house says we should do the job, then let us do it properly.

An hon. Member: Go ahead. Read it.

Mr. Knowles: Therefore I ask whether in this case the couple had any children? If so, what arrangements are being made for the children? Which of the parties was the guilty one? Is this committee satisfied that it is competent to pass the bill and dissolve this marriage?

Mr. Fournier (Hull): Mr. Chairman, may I preface my remarks by saying that I am against all these bills. I would go further than the hon. gentleman. I am against divorce, and I would vote against every one. We have the printed evidence in each of these cases.

Mr. Knowles: Have you read it?

Mr. Fournier (Hull): No, because I am against divorce and I do not want to read these things; but if you are so curious about the details, whether or not they have children and so on, read the evidence. You will find it there. If you want to know who is at fault you will find it there, and the evidence is taken under oath. The matter was before a committee of the other place where they have experienced men. If you are still not satisfied with that evidence why do you not stand up and vote against them? That is what I would do. I would stand up and vote against them. I am against these things. I do not like them, but while parliament is charged under our constitution with this work why not do it?

Mr. MacInnis: Mr. Chairman, it was not my intention to speak on these bills, but I think the hon. member for Winnipeg North Centre is quite in order in speaking on them and asking for information if he wants it. What amazes me is to find members of this house who are opposed to divorce and yet are in favour of facilitating the passage of these bills through the house.

Mr. Fournier (Hull): On a point of order, I know that I cannot speak on the principle of divorce, but what the hon. gentleman has said brings me into the debate again. I have never done anything to facilitate the passing of any divorce bills. I object at every session to the passing of them, and I have cried "on division" nearly every time they have come up. I understand that if parliament does not want to deal with these bills the only way to show that they do not want to do so is to throw them out.

Mr. Gibson: That is unfair.

Mr. Fournier (Hull): When you try to discuss them and tell us—

Mr. MacInnis: Mr. Chairman, the Minister of Public Works rose on a point of order. Surely he is getting beyond his point of order. He should not make a speech.

Mr. Fournier (Hull): On the point of order, I want the hon. gentleman to withdraw the remark that I have helped to facilitate the passing of these bills. I have never done anything of the kind.

Mr. MacInnis: I am not going to withdraw anything of the kind.

The Deputy Chairman: Order. I think there is a misunderstanding. The hon. member for Vancouver East did say that some hon. members who are opposed to divorce were facilitating the passage of these bills. The Minister of Public Works explained—and apparently he was one of those to whom the hon. member referred—that he had never done anything to facilitate the passage of these bills. I possibly should have told the Minister of Public Works that his point was not perhaps a point of order but a personal

explanation of what his attitude is. Therefore the hon. member does not have to withdraw anything, but he has to accept the statement of the minister as to his attitude.

Mr. MacInnis: I will be very glad to accept his statement. Now may I put my own construction on the statement? The hon. member for Winnipeg North Centre was asking for information with respect to each of these bills.

Mr. Hellyer: Why?

Mr. MacInnis: You ask him why. He was asking for information with regard to these bills because he wanted to know.

An hon. Member: Usually he can read.

Mr. MacInnis: Every bit of information, every question that he asked would hold up this and other divorce bills and make it more difficult to get them through the house. Yet my hon. friend gets up and finds fault with the hon. member for Winnipeg North Centre. He says: Why ask for your information here? Why don't you read the evidence that is placed in your mailbox every day?

Some hon. Members: Hear, hear.

Mr. MacInnis: He does not have to do that. He can ask for the information here. Others who take the same position as the minister jeer when a statement like that is made. We should be consistent about these things. We should not make a virtue of getting up and saying we are opposed to divorce and then object when somebody is really opposing it.

Mr. Fair: The Minister of Public Works has said that those who do not approve of these bills should get up and vote against them. He tells us at the same time that he is opposed to them, that he votes against them and calls "on division". I suggest to the members of the house including the Minister of Public Works, that they should vote for or against every bill that is brought in here. We will see then where the Minister of Public Works stands, whether he means what he has told us.

Mr. Gibson: Let us waste everybody's time.

Mr. Fournier (Hull): I will vote right now. I am against each and every one of them.

Mr. Fair: That is the one way that we will get rid of divorce bills which we have been talking against for the past fifteen years.

Mr. Chevrier: Get rid of a lot of tripe.

Mr. Fair: Do not make a joke of parliament any more. Let us accept the invitation of the Minister of Public Works and vote against these bills. It will be the proper way to get rid of them.

The Deputy Chairman: Shall clause 1 carry?

Mr. Fournier (Hull): On division.

Mr. Knowles: No, Mr. Chairman. The longer this goes on the more ridiculous it becomes. The Minister of Public Works says —and I know that it is perfectly true—that he is against divorce lock, stock and barrel, and that he will vote against every divorce bill on which a vote is called. Yet he objects to my asking questions about the case of Mrs. Laurice Mary Michel Shatilla which is before us at the present time. My views are not the same as those of the Minister of Public Works. I do not like divorce. I deplore it just as much as anyone in this house. But, as has been said so well by the hon. member for Vancouver East on other occasions, I do not see that we enhance the sanctity of marriage by forcing people to remain together when love has gone. It may be that under the laws of this country Mrs. Shatilla has every right to claim a divorce. As the laws of Canada now stand the only way she can get that divorce is by coming to this parliament. If a vote is called without the sponsor giving us any information, I do not think she should suffer and be denied that right, and I would vote for the bill.

Mr. Fournier (Hull): Without the information?

Mr. Knowles: Absolutely; even though it may seem a ridiculous position.

Mr. Harris (Grey-Bruce): The ridiculous position in which you are putting yourself.

Mr. Knowles: It is the ridiculous position in which parliament is putting itself. Those who are opposed to divorce want to get the bills through. Some of the rest of us who admit there are occasions when divorces have to be granted do not like this way of dealing with it. But if we are forced to say yes or no as to whether Mrs. Shatilla should get her divorce, in the absence of anything to show it should not be granted I would say parliament should give it to her. But I submit that parliament is being completely irresponsible in just putting these bills through without getting the information. This is only the second bill tonight. The chairman will confirm that I asked questions on both of them, directly on the bill, refraining from discussing the whole matter of the practice. The discussion has gone into that matter, because we cannot get from the sponsor of these bills the answer to even such a simple question as whether or not any children are involved in the marriage.

Mr. MacInnis: I am not going to prolong the debate, but in case there should be a vote on any of these bills I want to make my position clear. I am going to vote in favour of every bill that comes here after being passed through the other place and receiving the endorsation of the committee to which it has been referred, until such time as this parliament provides another court for these people to apply for their divorces. As long as we refuse to give these people what they are entitled to by the laws of this country, I am going to vote for every divorce bill that comes properly to this house.

Section agreed to.

Section 2 agreed to.

Preamble agreed to.

Title agreed to.

The Deputy Chairman: Shall the bill carry?

Some hon. Members: On division.

Bill reported.

The Deputy Chairman: Perhaps we might obtain unanimous consent to take all the other bills together.

Some hon. Members: No.

MIHALY KOVACS

The house in committee on Bill No. 105, for the relief of Mihaly Kovacs—Mr. Winkler—Mr. Beaudoin in the chair.

On section 1—*Marriage dissolved.*

Mr. Knowles: Does the hon. member for Lisgar know anything about this couple?

Mr. Winkler: I have looked into a great number of these bills. I have made a long list of answers, having to do with the children and all that sort of thing. But I thought it would be useless to bring it here, because after those simple questions had been answered I could think of a dozen more the hon. member for Winnipeg North Centre and many others could ask. They could keep us here indefinitely, so I do not intend to bring that list here unless I am instructed to do so by the committee.

Section agreed to.

Section 2 agreed to.

Preamble agreed to.

Title agreed to.

The Deputy Chairman: Shall the bill carry?

Some hon. Members: On division.

Bill reported.

[Mr. Knowles.]

REBECCA GLICOFSKY BROWN

The house in committee on Bill No. 106, for the relief of Rebecca Glicofsky Brown—Mr. Winkler—Mr. Beaudoin in the chair.

On section 1—*Marriage dissolved.*

Mr. Knowles: Can the sponsor of this bill tell us where Mrs. Brown lives?

Some hon. Members: Oh, oh.

The Deputy Chairman: Order. I think it would expedite the business of the committee if hon. members would refrain from interjecting remarks. Instead they should stand up and take part in the debate in an orderly manner, if they so wish.

Mr. Winkler: In reply to the hon. member for Winnipeg North Centre, I do not know where Mrs. Brown lives. If I did he would probably ask for her telephone number.

Mr. Coldwell: I do not think that would be like him. The sponsor of the bill apparently does not know any more about the circumstances surrounding this matter than we do. Apparently he does not pay any more attention to the transcripts of evidence than we do or the Minister of Public Works does. If these bills are voted upon separately I would divide with my colleagues and vote against them, because I do not believe we should vote for bills of this description without knowing something of the circumstances. Even if it is rather annoying to hon. members I would hope we might get the information. Failing that, I would hope hon. members might decide that some representations should be made so we can amend this method of granting divorces in this country, which is obnoxious to so many in this house.

Mr. Hansell: I have spoken on a good many of these bills throughout the years. I find myself in the same position as others, that parliament is required to do something it does not want to do because of the method by which these matters are dealt with. That is why I often speak on these divorce bills. I am not against divorce when the reason for it has been absolutely proved. Sometimes I rise to oppose a bill when the reason has not been proven. I am afraid you are going to call me to order pretty soon, Mr. Chairman; but in connection with the questions asked the sponsor of these bills may I suggest the fact that he is the sponsor of all these bills—

Mr. Sinclair: Not all.

Mr. Hansell: Well, pretty nearly all the divorce bills. This indicates that the whole thing is a formality, and I do not think that

should be so. Other bills brought into this house are sent to other committees. Suppose the same situation should arise in the discussion of one of those other bills; the sponsor of the bill, who might be a cabinet minister, would rise to say, "I am sorry; I have not read the committee's report. I have not read the evidence to see why the bill should be passed. I am not in possession of the facts." We would say, "Well, you had better obtain all the facts." I am not suggesting that the hon. member for Lisgar should become familiar with all the facts concerning such a tremendous number of cases, but there is something he could do. It is not necessary for him as chairman of that committee to sponsor all these bills. They could be sponsored by thirty or forty or fifty members who could familiarize themselves with the facts and be able to tell this committee that the reason for which divorce is granted has been absolutely and soundly proven. For that reason, I protest the bills going through in this fashion. I might say that I am a member of the private bills committee. We do discuss some of these bills that go through. If we have any protest to make, we can make that protest in committee. I have no criticism of the hon. member for Lisgar in the way he conducts that committee. I believe he does a good job of it. If any of us do not want any of the bills to go through, he is quite willing to hear our reasons when we are in committee. But it does seem to me that a committee of this house should divide its work up in such a fashion that, if we are going to deal with these things, we could deal with them properly.

There is another matter, Mr. Chairman. There is a note of levity sounded when we deal with these bills. I suggest to you, Mr. Chairman, that these bills are all very serious. They are serious for the reason that they have to do with one of the most valuable heritages any nation has, and that is the heritage of the home. Every one of these bills means that a home is being broken. Perhaps it is already broken. I do not know. I believe that we should be very careful about them, and should conduct these matters in a serious manner.

Mr. Winkler: I just want to say one thing in reply to the hon. member who was good enough to say some kind words about our committee, and the way it is conducted. He brought up one matter, and I understood him to say the sponsor of the bill should be familiar with the facts. I believe that is the essence of the whole matter. I have gone to the Senate divorce committee and listened to several of the cases. I have come to the conclusion that a mere reading of the evidence is not sufficient. Unless one is there to hear the witnesses and listen to the evidence, he is not really in possession of the facts. For that reason I am satisfied, as chairman of the committee, to sponsor any bills that are sent to me from the Senate committee.

Mr. Coldwell: There is the very point. We are acting as a court without seeing the witnesses. No judge would give a verdict on merely reading written evidence.

Mr. McIlraith: Oh, yes.

Mr. Coldwell: Except perhaps on appeal cases. I am not sufficiently familiar with law courts, since I am not a lawyer, but I would say that in cases which affect human relations judges want to see the witnesses and hear the evidence. These bills affect human relations. I do not think there is any question about that. My reading of law and procedure—I am rather fond of legal biography incidentally and I read it occasionally—is that the judge often comes to a conclusion in directing the jury and the jury comes to a conclusion on seeing the behaviour of the witnesses in the box. I have every respect for the hon. member for Lisgar and have no criticism of him. I am sure he would always try to be fair. I believe, however, that we have to protest this procedure.

The Deputy Chairman: Shall the section carry?

Section agreed to.

Section 2 agreed to.

Preamble agreed to.

Title agreed to.

Bill reported.

SELMA ROKOWSKY KIRZNER

The house in committee on Bill No. 107, for the relief of Selma Rokowsky Kirzner—Mr. Winkler—Mr. Beaudoin in the chair.

On section 1—*Marriage dissolved.*

Mr. Knowles: May I join in the tribute paid by the hon. member for Macleod to the hon. member for Lisgar?

The Deputy Chairman: Order. May I suggest that from now on we proceed strictly in accordance with the rules.

Mr. Knowles: Very well. May I ask the hon. member for Lisgar to take my compliment for granted, and I shall ask whether or not these parties had been married previous to this marriage?

Mr. Winkler: I cannot answer that question.

Mr. Knowles: Mr. Chairman, is there no question about these bills to which we can get an answer? I do not blame the hon. member—

Some hon. Members: Read the evidence.

Mr. Knowles: I submit that the house is asking the hon. member to do something that is completely unfair, to sponsor a bill about which he has no information at all. I should like to know whether these two people are Canadian citizens; and where they came from, if they came from outside of Canada. I should like to know if there are any children, and what arrangements have been made with respect to those children. I should like to know if we are competent to decide that this person is the innocent party, and that she should be granted the divorce. I may say that I discovered on some former occasions, when bills of this character were before the house, amendments have been moved seeking to deny to the guilty party the right to marry again; that is my reason for asking my last question. I think we should know whether the party to whom we are asked to give relief is really the innocent party.

Section agreed to.

The Deputy Chairman: Shall the bill carry?

Mr. Knowles: On a point of order, Mr. Chairman, standing order No. 76 requires that clauses be called one at a time in the committee stage. I thought I heard you ask if the bill carried.

The Deputy Chairman: Since the committee started on these bills no questions have been asked on section 2, and I thought it would save time if I asked whether the bill carried. I shall now call section 2.

Mr. Ross (Souris): Mr. Chairman, could we have a copy of the bill? If we are to deal with a particular clause, it is rather difficult when we have not a copy of the bill here. I think this is a disgraceful performance myself.

The Deputy Chairman: I understand the bills have been distributed, and perhaps the hon. member will find them underneath his desk. I am informed by the clerk that these bills are put in the mail boxes.

Mr. Knowles: There would not be room for them under our desks.

Mr. Ross (Souris): I have not said anything at all on this subject yet, Mr. Chairman. I sympathize with the chairman of this committee for having to go through this ordeal so often. He has pointed out that a reading of the evidence is not sufficient, and that if one does not see the witnesses he is greatly handicapped.

[Mr. Winkler.]

The Deputy Chairman: Order. We have had a lengthy debate on the principle of divorce and this procedure. I believe everyone will agree that in this instance the chairman has been most lenient. A moment ago I asked the members to proceed strictly in accordance with the rules. I ask that the remarks being made be strictly relevant to the section.

Mr. Ross (Souris): I believe we should have a vote on the principle of this bill right now.

The Deputy Chairman: Shall section 2 carry?

Mr. Ross (Souris): No.

Mr. Knowles: May I ask the hon. member who is sponsoring the bill if section 2 of Bill No. 107 is in the same form as is generally the case for these bills?

Mr. Winkler: I have not a copy of the bill before me, but I understand they are all identical.

Mr. Coldwell: I believe we should be certain they are identical before we pass the section. Could we have section 2 read?

The Deputy Chairman: Section 2 reads:

The said Selma Rokowsky may at any time hereafter marry any man whom she might lawfully marry if the said marriage with the said Elijahu Kirzner had not been solemnized.

Shall section 2 carry?

Section agreed to.
Preamble agreed to.
Title agreed to.
Bill reported.

FERDINAND LANGLOIS

The house in committee on Bill No. 108, for the relief of Ferdinand Langlois—Mr. Winkler—Mr. Beaudoin in the chair.

On section 1—*Marriage dissolved.*

Mr. Coldwell: Mr. Chairman, I was just going to ask whether the sponsor knows in what province this case originated, and whether the language of the bill is the same as the language of the other bills from which section 2 was read a moment ago. Perhaps he could tell me if there are any children involved in this case.

Mr. Winkler: The same answer applies; no information, Mr. Chairman.

Mr. Coldwell: No information, the sponsor says. I wonder what we are going to do about it, Mr. Chairman.

An hon. Member: Vote against it.

Mr. Coldwell: There are other members of the standing committee here. I can quite

sympathize with the chairman, in his inability to read all these bills. But there are other members of the standing committee here. Perhaps some other hon. member of that committee can answer the question that I have just asked. I should like to know if there is anybody in the committee who knows the circumstances of this divorce action.

Some hon. Members: Question.

The Deputy Chairman: Shall the clause carry?

Mr. Ross (Souris): No, Mr. Chairman. We wish to protest this bill right now. There is no evidence and there is nothing else—

The Deputy Chairman: I suppose that I should point out to the hon. member for Souris that what is before the committee now is clause 1. He said that he protests the bill. What is before the committee now is clause 1. Shall clause 1 carry?

Some hon. Members: Carried.

Mr. Fulton: Clause 1 is the operative clause, is it not, Mr. Chairman?

The Deputy Chairman: That does not matter. There could be a vote on clause 1; there could be a vote on clause 2; there could be a vote when I ask if the preamble carries; there could be a vote when I ask if the bill carries. If some hon. members say no, then the next question is: Those in favour of clause 1 will please say yea.

Mr. Fulton: That is right.

The Deputy Chairman: We are on clause 1 now. Shall clause 1 carry?

Some hon. Members: No.

The Deputy Chairman: Those in favour of clause 1 will please say yea.

Some hon. Members: Yea.

The Deputy Chairman: Those against will please say nay.

Some hon. Members: Nay.

The Deputy Chairman: In my opinion, the yeas have it.

Section agreed to: Yeas, 65; nays, 42.

On section 2—*Right to marry again.*

The Deputy Chairman: Shall the clause carry?

Some hon. Members: No.

Mr. Fulton: On division.

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

Some hon. Members: Question.

The Deputy Chairman: Does the committee want a standing vote or shall the clause carry?

Some hon. Members: On division.

Section agreed to.

Preamble agreed to.

Title agreed to.

The Deputy Chairman: Shall the bill carry?

Mr. Fulton: On division.

Bill reported.

VIOLET EDITH MACDONALD HARRIS

The house in committee on Bill No. 109, for the relief of Violet Edith Macdonald Harris —Mr. Winkler—Mr. Beaudoin in the chair.

On section 1—*Marriage dissolved.*

Mr. Knowles: Before section 1, which is the one that would dissolve this marriage, is carried, may I ask if the sponsor has been able to collect any information since the last time I put a question to him?

Mr. Fulton: Repeat the question.

Mr. Knowles: I asked the sponsor of this bill if he had been able to collect any information concerning the parties whose marriage is dissolved by clause 1.

Mr. Winkler: I have the same information that the hon. member has.

Mr. Knowles: That, Mr. Chairman, is no information at all. I may have the information concerning this couple piled up in my room, but I certainly do not have it here.

An hon. Member: Why ask for it?

Mr. Knowles: I take it that some hon. members have come in since we started. If we are going to deal with Bill No. 109, letter Z-3 of the Senate, it is a bill going through parliament on the same basis as that on which other bills go through parliament and my view is that we should deal with it in a responsible manner. We should have some of the information—

The Deputy Chairman: Order. The hon. member is discussing procedure again. I do not think it is in order to discuss procedure.

Mr. Knowles: I am just stating that I think we should have full information concerning Mrs. Violet Edith Macdonald Harris and her former husband.

Mr. MacDougall: Run upstairs and get it.

Section agreed to.

Section 2 agreed to.

Preamble agreed to.

The Deputy Chairman: Shall the bill carry?

Some hon. Members: Carried.

Mr. Knowles: Do not forget the title.

The Deputy Chairman: Shall the title carry?

Some hon. Members: Carried.

The Deputy Chairman: When the bill carries, the title carries as well.

Mr. Knowles: On a point of order, Mr. Chairman—

Mr. MacDougall: Sit down.

Mr. Knowles: Standing order 76 reads as follows:

In proceedings in committee of the whole house upon bills, the preamble is first postponed, and then every clause considered by the committee in its proper order; the preamble and title to be last considered.

The Deputy Chairman: Order. I agree with the hon. member. The previous procedure would be admissible only with unanimous consent.

Bill reported.

FRANCOISE BRUNET CRASSOWSKI

The house in committee on Bill No. 110, for the relief of Francoise Brunet Crassowski—Mr. Winkler—Mr. Beaudoin in the chair.

Sections 1 and 2 agreed to.

Preamble agreed to.

Title agreed to.

The Deputy Chairman: Shall the bill carry?

Some hon. Members: Carried.

Mr. Fournier (Hull): On division.

Bill reported.

EMILY RITA ROWLANDS SIMPSON

The house in committee on Bill No. 111, for the relief of Emily Rita Rowlands Simpson—Mr. Winkler—Mr. Beaudoin in the chair.

On section 1—*Marriage dissolved.*

Mr. Coldwell: Can the hon. member who sponsored this bill give us any information at all about it? Can he tell us the number of children involved, where the case originates, when it was heard, or any other particulars that he may have in his possession? Can he tell us anything at all about the bill or can any other member of the standing committee on miscellaneous and private bills tell us anything about this bill? We really should know something about the circumstances and the matters we are inquiring about before we pass this bill.

[Mr. MacDougall.]

Mr. Abbott: Why?

Mr. Coldwell: That is why I voted against the clause in the other bill when it was put to the vote.

The Deputy Chairman: Shall the clause carry?

Some hon. Members: Carried.

Mr. Coldwell: Nine o'clock.

Mr. Hansell: Mr. Chairman, I should like to get a crack at the sponsor of this bill before nine o'clock.

Mr. Boivin: You are too late. It is nine o'clock.

The Deputy Chairman: It being nine o'clock, shall I report these bills?

Section stands.

Progress reported.

Mr. Speaker: Order. Mr. Beaudoin from the committee of the whole reports that the committee has considered certain divorce bills and asked him to report the same. When shall the report be received?

Some hon. Members: Now.

Mr. Speaker: When shall these bills be read the third time?

Some hon. Members: Now.

Mr. Knowles: One at a time, please, Mr. Speaker.

Mr. Speaker: It is more or less a procedural motion.

Mr. Knowles: The motion for third reading is a procedural motion?

Mr. Speaker: With regard to divorce bills it has been considered a procedural motion. I realize it is nine o'clock, but I would think that the third reading of these bills could be proceeded with.

THIRD READINGS

Bill No. 103, for the relief of Eileen McDermott McRandall.—Mr. Winkler.

Bill No. 104, for the relief of Laurice Mary Michel Shatilla.—Mr. Winkler.

Bill No. 105, for the relief of Mihaly Kovacs.—Mr. Winkler.

Bill No. 106, for the relief of Rebecca Glicofsky Brown.—Mr. Winkler.

Bill No. 107, for the relief of Selma Rokowsky Kirzner.—Mr. Winkler.

Bill No. 108, for the relief of Ferdinand Langlois.—Mr. Winkler.

Bill No. 109, for the relief of Violet Edith Macdonald Harris.—Mr. Winkler.

Bill No. 110, for the relief of Françoise Brunet Crassowski.—Mr. Winkler.

TRADE AGREEMENTS

STATEMENT WITH RESPECT TO RESULTS OF TORQUAY CONFERENCE

Right Hon. C. D. Howe (Minister of Trade and Commerce): Mr. Speaker, if we may revert to motions, I should like to make a statement on the tariff negotiations at Torquay.

The tariff negotiations in which Canada participated at Torquay were concluded on April 21, and the results will be made public tomorrow by the countries which were involved. This was the third round of negotiations under the general agreement on tariffs and trade. The first round took place in Geneva in 1947, and the second in Annecy in 1949. At Geneva, twenty-three countries entered into tariff negotiations and drew up the general agreement on tariffs and trade governing the conduct of their trade relations with one another. At Annecy a further group of countries acceded to the general agreement. My colleague, the Secretary of State for External Affairs (Mr. Pearson), has just released the detailed results of Torquay to the press for publication.

For Canada, these negotiations have been a marked success. The sixteen new trade agreements which we have made at Torquay will add strength to Canada's commercial position. As a result of Torquay, producers and manufacturers in many of our export industries across the country will benefit from improved access to foreign markets.

Important products are included from each of the major regions across the country. To illustrate, and to use examples, among the tariff reductions received by Canada from other countries will be found fisheries products, of interest to Newfoundland and the maritimes; dairy products, forestry products and manufactured goods of interest to the central provinces of Ontario and Quebec; livestock, wheat and coarse grains of interest to the prairie provinces; and canned salmon, plywood and base metals, of interest to British Columbia. A variety of farm products, of interest to all farming regions, are represented among the concessions which have been received.

For the immediate future, we have few worries about the marketing of our produce in other countries. Indeed, we are faced with the necessity of curbing Canadian exports of certain materials of strategic importance, in the interest of the defence production program and military preparedness. The government's policy, however, has been to keep our long-run need for markets to the forefront, at all times. Our participation in the Torquay conference is concrete evidence of the importance we attach to the development of trade.

Trade Agreements

The most important single agreement at Torquay was made by Canada with the United States. The policy of fostering joint trade between Canada and the United States was initiated by the trade treaties of 1935 and 1938, and greatly extended in 1947 at Geneva. Torquay is now added, as a further and constructive milestone. The United States schedule of new tariff concessions resulting from Torquay contains 400 items of interest to Canadian exporters. Exports to the United States from Canada of goods in these categories amounted to $120 million in 1949.

United States legislation provides that their tariffs may be reduced, by negotiation, to fifty per cent of the levels which prevailed on January 1, 1945. At Geneva, in 1947, Canada had received from the United States a large proportion of the tariff concessions which were negotiable under the powers of the president. These had included important concessions on agricultural products. The United States administration still had power, nevertheless, to make a number of additional concessions of value to Canada. From our point of view, the Torquay negotiations were undertaken with the aim of obtaining for Canadian exporters as many of these additional concessions as possible. I am now in a position to inform hon. members that in this aim we have been eminently successful. We have, on our part, granted concessions in return, as my colleague, the Minister of Finance (Mr. Abbott), will announce and we have thereby increased the possibilities of joint trade. The new tariff rates negotiated with the United States will come into effect on both sides on June 6.

Among the concessions we have received from the United States are:

Cheddar cheese, which is now reduced from 3½ cents per pound but not less than 17½ per cent to 3 cents per pound but not less than 15 per cent;

Canned salmon, which is now reduced from 25 per cent to 15 per cent;

Aluminum and alloys, which are now reduced from 2 cents to 1½ cents per pound;

Lead, which is now reduced from 2⅛ cents to 1 1/16 cents per pound;

Zinc ores, which are now reduced from ¾ cent to ⅝ cent per pound;

Zinc blocks and pigs, which are now reduced from ⅞ cent to 7/10 cent per pound;

Douglas fir plywood, which is now reduced from 40 per cent to 20 per cent;

Birch plywood, which is now reduced from 20 to 15 per cent, supplementing the 5 per cent reduction made by the United States in 1949.

The United States, in addition, has granted numerous important cuts on its entire schedule of tariffs which apply to chemicals, and related products. These include important by-products of the pulp and paper industry, and a number of other products in which our chemical producers are interested. A list of farm products, of definite interest to Canada, has now been added by the United States to the extensive concessions it made in this field at Geneva. Besides Cheddar cheese, the new tariff reductions affect sheep and lambs, frozen blueberries, grapes, hybrid seed corn and mustard seed, amongst others. A substantial reduction was made in the tariff on Canadian whisky. For our coastal fisheries, the concession on canned salmon is accompanied by other concessions which include sardines, fresh mackerel, smoked or kippered herring, clams, fish oil, seal oil and whale oil.

Under the heading of wood and wood products, the important concessions received from the United States on plywoods are supplemented by reduced tariffs on packing boxes and shooks, for which the rate is now to be $3\frac{3}{4}$ per cent, and a variety of products manufactured of wood, such as paint brush handles, broom handles and hockey sticks.

Concessions from the United States on metals, and on a wide range of manufactured goods, will be of interest to Canadian manufacturers, who will find that increased opportunities have thus been provided for them to enter the United States market.

Of the sixteen trade agreements concluded by Canada at Torquay, seven were negotiated with important countries of western Europe. Our trade relations with France should be strengthened by the new agreement, which will lead to improved trade for both countries. The negotiations with France were conducted in a most cordial spirit and with the desire on both sides to accomplish the utmost in our common interests. The accession of western Germany has now strengthened the general agreement on tariffs and trade. Her concessions to Canada include farm products, fish, and a number of other commodities. The agreement with Germany is a good omen, that, once the economy of the federal German republic can be stabilized, there will be real opportunities for complementary trade with Canada. In addition, we have now renewed and extended our trade agreements with Italy, with each of the three Scandinavian countries, Norway, Sweden and Denmark, and we have made our first post-war trade agreement with Austria. Belgium remains, from our point of view, one of the best centres of trade on the continent of Europe. Her absence and the absence of Holland from the list of our new agreements is evidence mainly of the fact that our earlier agreements with the Benelux union left little scope for further improvement at Torquay.

The Department of Trade and Commerce has been unsparing in its efforts to expand and diversify our external markets. This group of new agreements made with important trading countries of western Europe, is illustrative of government policy in regard to exports. Turkey also became a signatory to the general agreement on tariffs and trade and, in addition, we are pleased to have been successful in concluding a tariff agreement with Turkey. Because of currency difficulties in recent years, all of the countries have been unable to buy our goods to the extent that, in other circumstances, they would have wished. Some of their difficulties are being overcome, however, and our trade relations are being strengthened for the future. As a North American country and a dollar country, Canada is anxious to trade with continental Europe, both to buy and to sell. As a member of the North Atlantic treaty organization, and as a country associated with the Organization for European Economic Cooperation, we are aware of the added strength which is given to common aims, by this closer cementing of our commercial ties with continental Europe.

Amongst the Asiatic countries, we concluded four new trade agreements at Torquay, one of these with our commonwealth partner India, and others with the Philippines, Indonesia and Korea. With war existing as a threat, and as a fact, in various parts of the Far East, we have welcomed the efforts made by these countries to participate constructively in the trade and tariffs agreements of the free world. With widespread aspirations for capital investment and development existing as a strong force throughout Asia, we have given our assistance wherever possible and have contributed to the development of reciprocal trade. In our tariff negotiations with the Philippines, we achieved a reduction in the preferential margins granted there to United States goods on a number of items, this being a step forward in overcoming part at least of the discrimination which has existed against Canadian goods. Reduction of preferential margins was obtained on wheat flour, agricultural implements, canned salmon, and a number of other items.

Amongst the Latin American countries, new agreements were concluded with the Dominican republic, Haiti, and Peru. An

excellent agreement was made with the Dominican republic which granted Canada a number of concessions to supplement those we received at Annecy, including fisheries products and a variety of manufactured goods. Our agreement with Haiti is important, from our point of view, in overcoming a disadvantage which has been suffered in that market in the past by our exporters of fish in brine. At Torquay, Canada received most-favoured-nation treatment from Peru for the first time, an important objective which we have had in mind for a number of years. In addition, we received tariff concessions from Peru on smoked herring, apples, processed milk, canned fruits and vegetables, amongst others. These agreements, added to the ones which have been concluded during the past year with Venezuela, Costa Rica and Ecuador, go far to complete our structure of trade treaties with Latin American countries. Canadian exporters in a number of fields have wanted to expand their connections with Latin American markets and our trade promotion policy has been a vigorous one in that direction. This policy will be continued to the fullest extent possible, even during this period of defence preparations.

In the case of Cuba, I wish to make an announcement of considerable importance. The government of Canada has ensured the purchase on that market, by Canadian refineries or otherwise, of 75,000 short tons of Cuban raw sugar, within each of the calendar years 1951, 1952 and 1953, out of supplies made available by Cuba to the world market. The sugar purchased under this undertaking is to be shipped from Cuban ports, imported into, and not to be re-exported, from Canada. It is to be noted in this connection that purchases under this commitment will normally be made through the agency of private sugar refineries in Canada, and that no subsidization will be involved on the part of the government. A portion, however, of the most-favoured-nation duty will be remitted to the manufacturers, sufficient in amount to equalize the laid-down cost of Cuban sugar with the laid-down cost of preferential sugars from empire countries.

The sale of non-preferential sugars has reached very low levels in the Canadian market in the recent past. It was never intended that the effect of the preference, extended by Canada on sugar of empire origin, should be to exclude completely non-preferential sugars from our market. We have undertaken this new arrangement to ensure that at least some part of our total imports of sugar will be purchased from Cuba during the next three years. We are prepared, furthermore, to enter into similar arrangements with other traditional suppliers of non-preferential sugar to the Canadian market, it being understood that the total imports under all such arrangements will not be in excess of 150,000 short tons of raw sugar per year during each of the next three years. Under present supply conditions, it is not thought that producers of non-preferential sugars, other than Cuba, will be in a position to take full advantage of this arrangement for some time to come.

We have avoided, for the present, any impairment in the sugar preference which has traditionally been extended to the British West Indies and other suppliers of sugar within the commonwealth and empire. Canadian exporters, in recent years in particular, have been in search of external markets beyond those which are encompassed in the British preferential tariff system. The production of our export industries has grown enormously during this period since the second world war, while rigorous import restrictions have been enforced against Canadian goods throughout the British preferential area. These two factors in combination have created the necessity for Canadian exporters to extend their efforts beyond their traditional markets. In recent years, the difficulties we have encountered in the British West Indies have been extreme and have been remedied only in part by the recent relaxations of import controls effected there. It is natural, therefore, that there has been a growing interest in the Cuban market on the part of Canadian exporters, who have, at the same time, retained their traditional desire to trade with the British West Indies to the fullest extent possible.

The Cuban government has now undertaken to revalidate until January 1, 1954, important tariff concessions which were originally granted to Canada at Geneva, including amongst others, codfish, wheat flour and potatoes. This will be of definite interest to our maritime provinces. Cuba has withdrawn four detailed concessions from us which she made at Geneva. None of them has accounted for much trade, and Canada is being compensated by a small reduction in the Cuban duty on codfish.

While the new agreements made at Torquay provide a signal contribution to Canada's external trade policy, by far the most important accomplishment was the prolongation of the Geneva and Annecy schedules of tariff concessions. This has now been arranged for a firm period of three years, until January 1, 1954. Tariff concessions originally made by other countries at Geneva and Annecy were contractually bound only until January 1, 1951, after which

they could be withdrawn upon due notice. When it is remembered that the twenty-three countries which participated at Geneva account for three-quarters of total world exports, it is clear how important is this matter of prolongation of the Geneva agreements, both for Canadian trade and for the stability of world trade. Concessions made to Canada at Geneva by the United States alone, covered in some fashion almost ninety-five per cent of total dutiable imports by the United States from Canada. Now these gains have been safeguarded for Canadian exporters for at least the next three years.

An opportunity was provided at Torquay for countries to exercise their right, under article XXVIII of the general agreement on tariffs and trade, to withdraw or modify items in their schedules of tariff concessions, in advance of prolonging these schedules for the next three years. Canada and the United States, and a number of major trading countries, undertook not to withdraw any concessions from one another, in the interest of maintaining their present agreements intact. As it turned out, we have succeeded in keeping to an absolute minimum the number of concessions withdrawn from Canada by other countries and compensation was received in every case. They are described in the information which is being made available to the press.

A good deal of attention has already been given to the fact that new agreements were not concluded at Torquay between the United States on the one side and the other commonwealth countries on the other. From the Canadian point of view, it is a matter of regret that these countries failed, at Torquay, to add to the substantial body of tariff concession which they made to one another at the earlier negotiations. It is to be emphasized at the same time, however, that all these countries still continue as full members of the general agreement on tariffs and trade. Their trade agreements with one another, which have existed under the general agreement on tariffs and trade since 1947, are now carried forward virtually intact. I do not wish to intervene in any way in a matter for which the public explanation must come from the governments directly concerned. At the same time, it should be explained, for the benefit of hon. members, that the existing agreements between the United States and the commonwealth countries, other than ourselves, have not been impaired. What these countries have failed to gain is nothing more than the benefits which might otherwise have accrued from Torquay by reason of additions to their present agreements.

Before concluding this statement I should like to pay tribute to the team of officials which conducted the tariff negotiations on behalf of the Canadian government at Torquay. Small in number, the Canadian delegation carried on exacting and complicated discussions over a long period of months. I should like to pay special tribute to Mr. Hector McKinnon, who headed the group which carried on the tariff negotiations. The other members were:

C. M. Isbister, Department of Trade and Commerce; W. J. Callaghan, Department of Finance; A. E. Richards, Department of Agriculture; J. P. C. Gauthier, Department of Trade and Commerce; A. L. Neal, Department of Trade and Commerce; B. G. Barrow, Department of Trade and Commerce; H. V. Jarrett, Department of Trade and Commerce; S. S. Reisman, Department of Finance; and H. H. Wright, Department of External Affairs. From the Canadian point of view, Torquay succeeded in deepening and widening the channels of our export trade. The benefits of the new agreements will begin to accrue in the near future and their long-run importance is even greater. Taking into account the new countries which joined in the general agreement on tariffs and trade at Torquay, the total trade of GATT countries now accounts for about eighty-five per cent of the trade of the free world. This has been a great accomplishment of international organization during the past five years, and Canada has had a leading part in it. Whatever the future is to be, Canada and Canadian exporters have been well served by what has now been accomplished at Torquay.

Hon. Douglas Abbott (Minister of Finance): Mr. Speaker, I should like to add a few words to the remarks of my colleague, the Minister of Trade and Commerce (Mr. Howe), particularly as to the effect of the Torquay agreements on the Canadian customs tariff. In this connection I shall table at the conclusion of my statement the Canadian tariff schedule V which contains all the tariff reductions and bindings which were granted by Canada in the course of the Torquay conference. Copies will be available to all members of parliament tomorrow morning.

I do not have to remind members of the house that tariff negotiations are essentially a matter of bargaining, of give and take, in which countries agree to reduce their tariffs on some products in return for concessions on products in the other countries' tariff so

that trade may expand to the mutual advantage of all concerned. In this broad international effort to reduce barriers to trade in the interests of our common prosperity, Canada has continued to play a leading role which is appropriate to our position as the third largest trading nation in the world.

I would like to take a moment to explain schedule V of the Torquay agreement, the significance of the tariff items and the rates expressed in it. The first and most important stage in the Torquay negotiations was the conclusion of separate agreements among pairs of participating countries. Altogether 147 such two-sided agreements were reached between the countries participating. Canada completed successful agreements with sixteen of these countries. As my colleague has already said, in these agreements Canada undertook not to raise for a period of three years its customs duties on the items specified in schedule V beyond the maximum rates stated therein. In return, of course, other countries gave corresponding undertakings in their tariff as explained by my colleague, the Minister of Trade and Commerce. In some cases the rates shown in schedule V involve reductions from existing duties, while in other cases they represent bindings of existing rates against increase. There is a similar schedule of maximum rates of duty for each of the countries which took part in the negotiations, bound for a similar period of three years. Under the most-favoured-nation principle, all the concessions which Canada made are automatically extended to all the members of the group regardless of whether or not they negotiated directly with Canada. Similarly, the concessions of the other countries are automatically extended to Canada.

The Canadian schedule V is divided into two parts. Part I includes all the undertakings with respect to those countries to whom we grant most-favoured-nation treatment, and part II covers the undertakings made to those countries to whom we grant the preferential tariff. The concessions made in the most-favoured-nations part cover 397 items or subitems, of which 261 are reductions and 136 are bindings of existing rates. Canada's total imports from all countries under the 261 items or subitems on which the most-favoured-nations rate was reduced at Torquay amounted to about $390 million in 1949.

Part II of the Canadian schedule contains some seventy-five items or subitems on which reductions were made in the preferential tariff. These reductions should mean increased opportunities for the United Kingdom and other commonwealth countries to export to the Canadian market.

I feel I should say a further word about the effect of Torquay on Canada's position with respect to the commonwealth preferential system, because I am afraid there has been some misunderstanding about this matter. To begin with, I would like to make quite clear to members of the house the conditions under which the Torquay negotiations were undertaken and conducted.

Under the rules governing the tariff conference at Torquay, as well as the previous conferences at Geneva and Annecy, it was provided that the reduction of preferences was to be one of the matters subject to negotiation. These rules state clearly that "prior international obligations shall not be invoked to frustrate negotiations with respect to preferences, it being understood that agreements which result from such negotiations and which conflict with such obligations shall not require the modification or termination of such obligations except with the consent of the parties to such obligations".

The rules go on to say that "no participating government shall be required to grant unilateral concessions or to grant concessions to other governments without receiving adequate concessions in return". It was clearly understood that no preferences need be reduced nor any tariff concessions granted except in return for reciprocal and mutually advantageous concessions, and it was up to each country to decide what constituted a satisfactory agreement from its own point of view.

These rules governing the conduct of the Torquay negotiations with respect to preferences were accepted by all the participating countries, including all the commonwealth countries. Indeed, as a practical matter, it would be quite impossible for Canada or the other commonwealth countries to negotiate successful and mutually advantageous agreements with countries outside the preferential system unless they were prepared to negotiate on this basis. This is so because the Canadian tariff and the tariffs of the other commonwealth countries provide for a preferential treatment over pretty well the whole range of their tariffs.

This government has never taken a rigid or doctrinaire position on the matter of preferences either with respect to their retention or modification. For that matter, as members of the house will recall, Canada took

the lead many years ago in granting preferential treatment to commonwealth countries. As hon. members know, we have used the device of commonwealth preferences as a device for expanding trade. We have never regarded it as a device for restricting trade.

Our objective has always been to expand trade on as wide a basis as possible. Indeed, this is the only way in which we can find adequate outlets for the products of our expanding economy. For this reason, while the government continues to attach a high importance to the development of intercommonwealth trade, it has never allowed our preferential arrangements to prevent us from taking advantage of new opportunities for expanding Canada's trade. In order to find adequate outlets for the products of the different regions and industries of this country, we must take advantage of such opportunities.

In the course of the Torquay tariff negotiations, as was the case at Geneva and Annecy, in order to obtain valuable concessions from the United States, western Europe and other non-commonwealth countries, we agreed to the modification and in some cases to the elimination of certain margins of preference. Having said this, I want to make it clear that Canada has not abandoned commonwealth preferences. These preferences have been modified in successive negotiations of trade agreements since 1935, but they are still an important part of our tariff structure.

I do not intend to take the time at this late hour to go into detail on the several hundred items contained in schedule V. This is being done in the information being released to the press this evening. I would like to say, however, that in making tariff reductions we have in many instances selected products which would, in these times of inflation and high prices, help to ease the burden for the Canadian consumer. In that connection, Canadian housewives will be interested in the reduction of the customs duty on such items as grapefruit juice, bananas, salt pork and beef, cocoa beans, walnuts, canned fish, and household matches. Of benefit to the consumer generally are the reductions on rubber tires, rubber hose, household furniture, hand tools, certain electrical appliances, and cutlery.

We have also tried to keep in mind the needs of Canadian industry and have made a number of important reductions in equipment, parts, and raw materials, which should contribute in a real way to lower costs of production—machinery of all kinds and parts thereof, motor vehicle parts, off-highway trucks, rayon yarn and rayon fabric, just to mention a few of the important products affected.

Of special interest to agriculture are the reductions on insecticides, baling wire, seed and grain cleaning machines, and electric motors for attachment to farm implements.

I know that members will be interested in knowing how soon the tariff reductions made by Canada will come into force. The concessions exchanged among Canada, the United States, France and a number of other countries will come into effect on June 6. These, I believe, cover by far the largest part of schedule V. The exact date on which Canada will extend concessions negotiated with the other countries depends on when they are in a position to take similar action. It is expected that all the Torquay concessions will be in force not later than November 20.

As in the case of the previous agreements, the tariff changes contained in schedule V will be brought into effect under the authority of section 11 of the customs tariff.

Mr. Speaker: It being after nine o'clock the house will resume the business that was interrupted at six o'clock.

SUPPLY

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

DEPARTMENT OF NATIONAL DEFENCE

Defence forces—

245. To provide for the defence forces of the navy, army and air services and defence research and development, and to authorize total commitments for this purpose of $3,831,270,000 including authority notwithstanding section 29 of the Consolidated Revenue and Audit Act, to make commitments for the current year of $1,924,170,835 and commitments against future years of $1,907,099,165 against which commitments it is estimated that actual expenditures in 1951-52 will not exceed $1,595,050,000 of which $183,050,000 will be provided from section 3 of the Defence Appropriation Act, 1950, as supplemented by item 246, $1,412,000,000.

Mr. Thomas: Mr. Chairman, it was very comforting and reassuring to hear the minister say, in closing his address this afternoon, that Canada is not at war. I am sorry he did not have the opportunity of seeing the five o'clock edition of this afternoon's *Journal* before making that remark. I have it before me, and these are the headlines: "Big force of Russian planes massed near Korea—Marshall." And directly underneath that: "Atomic fire rain no dream, says Martin, pleading for fighting Canadian spirit. 'Whip up fury against Soviet threat'." Another headline: "Red Japs not far from Japan." Then on the other side of the page: "British unit honoured on epic stand."

It seems to me the time has come to do away with these soft speeches, to let the people of Canada know we are in a very precarious position at the present time, and to give the people a little better knowledge of the enemy we are fighting. We may not be at war, but we are in a war, and in it right up to our necks. The last sentence in the white paper tabled by the minister has this to say:

> We must be prepared to meet either the challenge of general war or the continuation of effort over a generation.

That does not sound very much as though we were not at war. Probably we do not realize just how true that statement is. There can be no peace for any free country until the scourge of communism is wiped off the face of the earth. Let us not forget that at any time. We have been warned time and again by the various communist leaders that they intend to conquer the world and will let nothing stop them. In 1847 Karl Marx and Friedrich Engels, in drawing up their communist manifesto, had this to say:

> The communists declare that their ends can be attained only by the forcible overthrow of all existing social conditions.

In 1920 Lenin had this to say:

> It is necessary to use any ruse, evasion, cunning, unlawful methods, concealment of the truth. As long as capitalism and socialism exist we cannot live in peace.

That is the enemy we are fighting today, not only on the field of battle but in the cold war. The only way we can overcome communism is either by defeating it in an all-out war or by keeping our forces built up to such an extent that the communist forces will not dare attack the western powers, and keeping them that way until some internal revolution upsets the communist government in Russia. Those are the only two alternatives.

We cannot win this war by arms alone. We have to fight by means of propaganda and by feeding and clothing the undernourished peoples of the world. The Colombo plan as it is drafted is very commendable, but it is about twenty years too late. Now we have lost most of the Orient, because the only policy we had there in the early days was to get out of it everything we could and put back as little as we could get away with.

As far as the arms race is concerned, if we can believe press reports that we see from day to day Russia is far ahead, so far that it is going to take us a long time to catch up at the rate we are going, and maybe we will not have that time. I believe it was the hon. member for Acadia who on February 15 of this year placed on *Hansard* a quotation from the June, 1950, issue of *United Nations World*, which said Russia had 30 million trained men at her disposal. That was a year ago; we can draw our own conclusions as to what she may have today. On February 14 I placed on *Hansard* a quotation which said Russia was producing 400 jet planes a month. That same quotation said that the United States was only producing 250 planes per month of all types. Speaking of plane production, Mr. Chairman, only recently a number of members visited the Canadair plant in Montreal, and saw the possibility of producing numerous planes there. At that time some of us were told that the company was producing something like ten F-86 Sabres per month. If they were given the materials and manpower, they could produce ten per day. On page 6 of this white paper the minister says:

> The reason that radar and fighter defence is not already fully operational is that the radar, the type of communications selected and the aircraft—the F-86E Sabre and the CF-100 Canuck—have only been recently developed and have not yet been produced in the numbers required. As fast as aircraft can be produced, regular and auxiliary fighter squadrons will be manned and equipped to war strength. In the interim, the R.C.A.F. has mobile radar sets and Vampire and Mustang fighters.

If it is only a case of waiting for production of these types of planes, let us give them the men and materials and let them produce the planes. Then we can bring our forces up to strength. In a time like this nothing should stand in the way of defence production. We saw an exhibition put on by the CF-100 over a year ago. If all the prophecies and statements made regarding that particular aircraft are true, we certainly should have more than one in the air at this time. I believe we had two, but one of them crashed. After a year we have exactly one of the type of aircraft that Canada claims is the best of its kind in the world. We cannot spend all of our time experimenting. We have to make a start somewhere. We have these two types of planes, we have the means to produce them, so let us go ahead and produce them.

Over a year and a half ago. I asked the minister about anti-submarine vessels. He said there was a new type under consideration, and construction would start shortly. I believe the keel was laid in January, 1950—the minister can correct me if I am wrong. These ships, as well as these planes, have to be produced as quickly as possible. We cannot waste time, so let us get at it. This is a matter which concerns our very existence. It is not a game. It cannot be a game, because the other fellows will not play fair. If we are going to lick them, we will have to get to work and get into production. Korea is only the opening battle in this war. We have no reason to believe it will not spread

until it is a global conflict. We must build up our forces and our armaments now. Canada has a three-year program under way, and that is fine. The program should have been started three years ago, because we do not know whether it will be a matter of weeks before we are actually engaged in battle either here or in Europe or some place else.

Speaking of being engaged in a battle, I do not believe the minister or anyone else in this house could convince those boys in the fox-holes in Korea that we are not in a war. If they are willing to give us all they have, surely the least we can do is to gear ourselves to maximum production to give them everything we can to help them along. We have no reason to believe that this war, when and if it breaks out, is going to be in Europe or in Asia or in Africa, the middle east or anywhere else. It may be right here. We also have no reason to believe that the Russians have not at this time, somewhere in the north, set up camouflaged rocket installations. It is not entirely beyond the realm of possibility.

Mr. Claxton: Where, in Canada?

Mr. Thomas: I said in the northern part of the country.

Mr. Claxton: There is no evidence whatever of that.

Mr. Thomas: That is right; there is no evidence whatever of it. You would not expect to have any evidence of it. Things will get hot enough around here if they are up there setting up those installations.

Mr. Claxton: They are not.

Mr. Thomas: We do not know. The minister says there is no evidence that they are. However, the north is quite a large territory, and I do not believe the minister or anybody else has covered it all foot by foot.

Mr. Claxton: We are doing it by air, and nobody else is, so far as we know.

Mr. Thomas: That is what I said, Mr. Chairman, so far as we know; that is the point I am making. We have no reason to believe they could not send suicide bombing missions, and if they did central Canada would make a beautiful target. Practically nine-tenths of our industry is consolidated in that one little spot. We need a further decentralization of our defence industries, so that if the one area should be knocked out we could still carry on. We have all the power—coal, water and gas that is needed in the province of Alberta. I am inviting those industries to come out there. Speaking for my own constituency, they could move in next door to the Leduc oil field any time they wish, and they will be welcome.

According to the minister's statement the reserves are going to be used as the basis for recruiting for the 27th brigade. I would suggest that the minister start looking around now for ways and means of recruiting men in the reserve forces to bring them up to strength. A strong reserve force in Canada could well mean life or death to Canadian civilization.

One more point, Mr. Chairman, and that is the paying of income tax by the members of the special force. No man who volunteers to face death to fight for the things we believe are right should be asked to pay taxes to help equip himself. It should be enough that these men are willing to fight our battle for us, suffer untold misery and sometimes death. They should not be asked to dig into that pittance which is their pay to give some of it back to the government. We are fighting a war, Mr. Chairman, perhaps the most important war that has ever been fought in history. Let us not go about it haphazardly. Let us fight this war with every ounce of our resources and every means at our disposal. But let us fight this war according to the highest ideals inherent in the Christian democracy that we represent.

Mr. Stick: Mr. Chairman, in speaking of defence, one is mindful of the problem facing this country, with its large area and scattered population. We cannot by any stretch of the imagination adequately defend all parts of this country. Our defence is therefore interwoven with the United States in defending the North American continent, and that policy is sound common sense.

We have heard something of invasion by Russia by way of Alaska, and by paratroopers in our northwest and British Columbia. While nothing is impossible in modern war, my opinion, for what it is worth, is that this natural fear by those who live in that part of Canada is not fully justified.

The main principles of war never change; the methods by which war is conducted do change and change rapidly in modern times. One of the first principles of waging successful war is to destroy the war-making potential of the enemy. The second principle is to concentrate overwhelming power at the correct time and place, and to strike with all the force at one's command to gain a favourable decision. To carry these principles out by invading Alaska or our Northwest Territories would in no way destroy our war-making potential nor would it have any decisive effect on winning a war on this continent by invasion.

You have only to look at this vast territory, thinly populated, with its tough terrain and climate, readily to see how formidable such a task is. Besides, the enemy would be fighting at the end of a long line of communications. To feed and maintain troops with all the equipment a modern army requires to wage successful war under such circumstances would be hazardous in the extreme. Especially is this so in the face of two of the most powerful military countries in the world, Canada and the United States, who could concentrate their great power much quicker and on shorter lines of communication. In the last war, Japan tried something of the sort when she landed troops in the Aleutian islands, but as soon as we concentrated against her, and after some small-scale fighting, she cleared out. Nuisance raids on a small or somewhat larger scale could be attempted, but they would have little or no effect on winning a war and their value to an enemy would be only to draw our attention away from the main threat and to force us to concentrate more troops than necessary for the defence of this territory.

A third world war means a global war. In such an event our main danger would be on the Atlantic. During the last two world wars we won the battle of the Atlantic by only a very small margin; and many times it was touch and go with us. The history of this struggle during the last war clearly shows that we won only just in time. If the new modern German submarine with the schnorkel device had made its appearance sooner and in quantity, it would have gone very hard with us indeed.

This is the menace we face today. From the best available information we find that Russia has large numbers of those modern submarines in commission; and if our countermeasures are not equal to the task of dealing with them, we can look forward with great anxiety to our shipping on the Atlantic. I do not wish to say more about this matter at this time, nor do I think it advisable. However, I do think the attention of the committee should be drawn to it.

We have been obliged to learn, abruptly and rather brutally, that one cannot beat something with nothing. Noble gestures, honest purposes and good resolutions will not of themselves stop a military invasion. Planes and tanks are required to stop planes and tanks.

In that connection, we have also had forced upon us the realization that appropriations in parliament do not equal arms in the field. We may eventually learn to speak of "arms aid" not in terms of so many millions appropriated, but in terms of so many weapons put in the hands of troops and of so many men trained and ready to act.

We also have learned that we have been and are being faced by an implacable and entirely unscrupulous enemy. The free people of the world will be attacked when and how that enemy chooses. There is no reliance to be placed upon honeyed words or "peace petitions." There is no peace and there is no chance of achieving it except by matching strength with strength.

General Eisenhower speaking on this subject last fall stated to the American people as follows: "Get tough with yourselves to assure victory in this bitter, and probably prolonged struggle."

All lesser considerations must wait, he said; we cannot tolerate politics as usual any more than we can tolerate business as usual.

"The die is cast in Asia, but we are in no limited conflict. Free Europe . . . is a tempting target for predatory military force." And he warned that Soviet planners contemplate the same fate for all the world, including the United States of America and Canada, as Russia has imposed on its satellite countries.

We in Newfoundland are the cornerstone of North Atlantic defence. That is the reason for so many United States naval, land and air bases in our province. One look at the map of North America can demonstrate this. I find that at present only one ship of the Royal Canadian Navy is permanently stationed in Newfoundland, and that is used chiefly for training purposes. I really think this is not sufficient at this time and would suggest for the consideration of the naval authorities that at least one additional ship, either a destroyer or frigate, should be permanently based in Newfoundland waters. This, I believe, is necessary and would stimulate recruiting and training for our naval forces. The Royal Navy had such a ship stationed at St. John's for many years with excellent results. I am convinced we can do likewise with even better results.

I should like at this time to speak briefly about our forces in Korea. This parliament called them to the colours; this House of Commons sent them overseas. During this session very little has been said about our boys fighting in this distant land. Very little has been published lately by the press of this country about how our forces are faring. Without in any way criticizing anybody, I do think everybody has been somewhat negligent in this matter. We have a duty to those men of ours, namely to see to it that they are ever in our thoughts, that we take a great interest in their welfare and that we are

solidly behind them in all they do. They are fighting as much for freedom and democracy in Korea as if they were fighting on the soil of Canada. There are fighting for each and every one of us and they must be made to feel that the members of this parliament feel that way about them. In no sense must they even think that they are a long way from home and out of our thoughts. We can and must do all that is possible to stimulate their fighting spirit and to help to maintain their morale which is so essential.

In this respect I suggest for the consideration of the minister that a small party of members of the house in the not too distant future proceed to Korea and visit all our forces there, conveying our interest and good wishes to all ranks. They are the flower of our youth and the pride of the nation. To us they represent Canada; to us they are Canada.

Mr. Harkness: Mr. Chairman, Canada's defence policy or defence program, perhaps I should say, for the next three years, was put before parliament by the minister on February 5; and the white paper which we received yesterday is to a large extent a reiteration of what he said at that time. I welcome the minister's statement for several reasons. To begin with, I welcome it because it was the first statement of defence policy worthy of the name which we have had in the past several years. As to the program, the main emphasis in it is on the development of air power. With that emphasis I think the majority of the members of this committee and of the people of Canada will agree, particularly at this time. There are several reasons for that. This country is particularly well adapted to the development of an air force, and the development of a force of that sort takes a considerable length of time. For that reason alone I was glad to see that the government had decided this year to put a very considerable amount of money into new aircraft, the building of new fields and things of that kind.

With the objectives of our national defence policy which were stated by the minister on February 5, and set out at page 91 of *Hansard*, I think most of us are in full agreement. I should like to read them again. They are as follows:

(1) The immediate defence of Canada and North America from direct attack;

(2) The implementation of any undertakings made by Canada under the charter of the United Nations, or under the North Atlantic treaty or other agreement for collective security;

(3) The organization to build up our strength in a total war.

The mere statement of these objectives, Mr. Chairman, immediately raises the question of how and when they are to be met.

[Mr. Stick.]

The minister proceeded to tell us about that, and to examine each of these objectives in turn, to some extent.

First, the defence of Canada against direct attack is, of course, and must be our primary concern in any discussion on defence matters. From the point of view of the air, we are under a program to counter the threat of Russian bombing, through the use of a radar screen, backed up by fighter squadrons. I think there is no doubt such a project should be our first line of defence; but I wonder how effective a defence of this kind we are to have.

The over-all plan for the air force, as stated by the minister, calls for forty squadrons. Of these, eleven fighter squadrons are to be in Europe. A considerable number of the remaining twenty-nine squadrons will be transport, reconnaissance and other aircraft of different types along that line. The question, then, is how many fighter squadrons that will leave for the direct defence of this country against enemy bombing. Furthermore, how many of these fighter squadrons will be regular squadrons which will presumably be ready to go into immediate action, and how many will be auxiliary squadrons which from the very nature of things, cannot be immediately operational at anything like full strength?

These questions of course are on the basis of the three-year plan; and the biggest question of all is this: What have we got at the present time? One hon. member this afternoon brought up this point, and said that a great deal of the talk in connection with defence was based upon what we were going to have two years from now or three years from now when this program is completed. He thought there should be more emphasis on what we have at the present time. I think that is extremely true, and that the minister should give us more information of that kind.

I think there is no question that a large number of people in Canada are very much afraid that at the moment we are almost defenceless against an enemy bombing attack, if it should come next week or the week after. These people are very anxious that such a situation will not continue, and particularly that it will not continue for anything like a year or two years longer.

Then, turning to the army, the minister said:

To supplement these air defences the army has a large stock of heavy anti-aircraft guns to be manned by active and reserve force personnel.

Leaving aside what is meant by "a large stock", I know we have not the trained personnel to man these guns, in either the

regular or the reserve army. I have heard nothing from the minister as to how the men required are to be raised and trained. The anti-aircraft defences of this city of Ottawa are typical. It is the responsibility of a reserve anti-aircraft regiment, and I doubt very much whether that regiment could turn out a complete troop of four guns; and if it did turn out that troop of four guns, such a troop would be insufficiently trained to put up an effective defence.

Statements of this kind, which I think are meant to be soothing, actually in my opinion are dangerous. It is no use for the minister to say we have a large number of anti-aircraft guns if we have not the personnel trained to man those guns—and I think there is no question that we have not.

The next paragraph in the minister's speech, as it appears at the bottom of page 91, says this:

> In addition to attack by air, it might be possible for an enemy to land airborne troops by a surprise attack on an airfield or by parachute. To meet this possibility the Canadian army has a specially-trained airborne brigade group.

I believe the three infantry battalions of this brigade are now fairly well up to strength. What the exact state of their airborne training is, I do not know. I should hope it would be up to scratch also. Certainly, however, the three battalions have not trained together as a brigade. So far as I know there is no headquarters in being, certainly not one which has trained with the three battalions; and therefore it is not quite correct to speak of this as an airborne brigade. It is not trained as such and as a result it could not operate as such. What we have, actually, is three airborne battalions, and certain other airborne troops. As I say, they are not ready to operate together as an airborne brigade and, more important, from their airborne role point of view, we have not the transport aircraft to carry them. And until we have that brigade trained as a brigade, and particularly until we have the transport aircraft which will make them operative in an airborne role, it is quite misleading to talk of them as a well-trained airborne brigade.

The two matters upon which I have just made comment, from the minister's speech, indicate that apparently reassuring facts quoted by the minister may not be so reassuring when more closely examined.

The reserve army is a very important part of the defence of Canada against direct attack. The minister said very little about it in his speech. In fact, I think there is only one sentence which refers to it when, as reported at the top of page 92, he said:

> In support of the regular forces and to take action to prevent sabotage are the reserve forces as well as the R.C.M.P. and other police.

Of course in the event of war breaking out, apart from the police, the reserve army would be the chief means of dealing with saboteurs. That would probably keep them fairly well occupied for some considerable time. However, on the shoulders of the reserve army, too, would rest the major portion of the burden of the immediate defence of this country, so far as the army is concerned. And, along with that, as a third role it must undertake, is the provision of the framework for mobilization.

The question is: Is the reserve army strong enough to carry out these tasks? The minister during the past three years has given us optimistic reports on recruiting and training in the reserves, and has tried to give the impression that all was well in that regard. The report of the conference of defence associations held in the early part of January in this year effectively disposed of all such arguments and stories on the part of the minister. I should like to quote a few excerpts from that to indicate what the men who command the reserve forces, who run the reserve forces, think of their effectiveness. I quote:

> The delegates to the conference of defence associations are all civilians, representing a cross section of Canadians from every part of the country. They, and the men they represent, are in large measure responsible for the effectiveness and efficiency of the reserve force. It is to the reserve force that Canada must look for the creation of a national army in time of war.
>
> Year after year, by formal resolution, the conference has brought to the attention of higher authority the need for some action, if the reserve force is to function as it should, and meet the expectations of the Canadian people that the money spent upon it will produce results when the need arises.

And again:

> Large sums have been spent on advertising and in other ways to induce men to join the reserve force. To a large extent, such moneys have been wasted. The men have not been and are not coming forward.
>
> The men represented through the conference have exhausted every effort to improve these conditions and have sacrificed time and their own money in such efforts.
>
> The delegates to the conference feel that, since the effectiveness and efficiency of the reserve forces is largely their responsibility, and that of the men they represent, they would be derelict in their duty to the government and to their fellow countrymen if they did not put before that government and the people of Canada their views as to the present state of the reserve force.
>
> It is obvious that the vastly increased expenditure on military matters now contemplated will call for

sharply increased taxes to be paid by Canadians. We feel Canadians are prepared to pay such taxes in view of the issues involved but we do not feel that Canadians are prepared to see moneys wasted. It is our considered and unanimous opinion that proper value is not being received for much of the public moneys now being spent on the reserve force.

In spite of the existing shortages of facilities for the reserve force, in many places the strength of units does not absorb present facilities for training by a substantial margin. Far more men could be trained in the reserve force than are presently coming forward.

The turnover of other ranks is such that the vast majority of men who appear from time to time on the nominal rolls of reserve force units receive no training worthy of the name. They do not stay with the unit long enough. To say that the reserve force is 40,000 strong, and to give the Canadian people the idea that it has 40,000 men who could quickly be ready for action, is a travesty of the facts. There are few, if any, reserve units in Canada that could be ready to function in action under a minimum period of six months. This includes AA and other such units which should be ready for immediate action. The Canadian public, in spite of the moneys spent, cannot look to effective and efficient protection from internal sabotage or external aggression from its reserve force for a considerable period after war breaks out, and the active force is far too small to undertake the full burden of such duties.

I think that is fairly conclusive as to what the situation in the reserve force has been. Since that report was made some three or four months ago there has been no material change in the situation. The question then arises: What does the minister propose to do to make our reserve army efficient and effective? The trouble does not lie with the men in the reserve. They devote a good deal of time and effort to the defence of this country, time that might otherwise be spent in leisurely pursuits. Their devotion to duty deserves the highest praise and I know they have made the greatest possible efforts to make their units efficient and effective.

The trouble is that they have not been able to get the necessary men with whom to build units. The average young man in Canada has not felt that there is any real need for him in the reserve. This lack of any sense of urgency is the responsibility of this government. At any rate, until quite recently, the government itself has shown no sense of urgency whatever in defence matters. On the contrary, we have had soothing assurances of the adequacy of our defence measures. We have had an attitude of no war in our time and business as usual.

I think that attitude has passed away to some extent and considerably more urgency is being shown by the government at the moment than was the case previously. However, it has not so far carried over to the general public from anything that I can see. The government needs to adopt much more strenuous measures than it has so far in order to get this over to the young men of this country.

The necessity of a strong reserve and the reliance on it to raise men for the regular forces was indicated quite clearly by the minister's announcement of Friday last that the brigade for Europe is to be raised from the reserve units. In my opinion that is probably the only way in which it could be raised rapidly by voluntary methods. However, what does not seem to be realized and what has not been indicated by anything the minister has said is that this move will weaken the reserve and weaken it quite considerably by draining away a large number of the most active and enthusiastic officers and men.

The regular army and the special brigade for Korea have already done a certain amount of draining away. If, as seems likely, a large proportion of the 27th brigade now being raised comes from the reserve units which have the responsibility for raising companies in that brigade, it will mean that those units will be much weaker than they were before, and we all know they were weak to begin with. This will be a very serious blow to the reserve army from which it will take considerable time to recover.

The reserve army has been weakened further in some cases by the withdrawing of equipment. I do not know what has been done with that equipment, but probably some went to the regular force units and probably some was sent to Europe. I should like the minister to indicate when that withdrawn equipment will be replaced.

There has been a considerable amount of talk today with regard to standardization, and during the past year or more we have had a number of statements in regard to this. The hope has been expressed on many occasions that all the North Atlantic treaty nations would adopt the same weapons and we would have a standardization of arms for that entire confederacy. I think that has now become what might be called merely a pious hope and there is no real expectation that a North Atlantic treaty standardization of weapons will take place. There certainly has been little progress, if any, in that regard.

The Canadian government has decided to adopt the United States type of weapons. At this point I am not going to go into the wisdom or unwisdom of that course. The thing is that because of that policy the British type equipment we have is being disposed of. Equipment for two divisions has been sent already to Holland and Belgium

and I believe equipment for a third division is on the way to Italy, or will shortly be going there. We have had no information in this house, nor has the country had any information as far as I know, that this equipment has been replaced with United States style weapons.

The situation seems to be that we are in a much worse position now as far as weapons for the army are concerned than we were a year ago. A further pertinent question that the minister should answer is: What is the equipment that has been disposed of to be replaced with, and when is that replacement to be made? We cannot be left in a situation where we have got rid of the major portion of our army equipment and have not received or made anything to replace it. As an example of what has happened, our anti-tank units have had their self-propelled guns taken away from them, and so far as I know they have had nothing to replace them. Perhaps they have been given a drawn gun of some sort with which to carry on a little gun drill. They should be told immediately what they will get to replace the self-propelled equipment they have lost and when they will get it. Without their own weapons with which to train, the interest and morale of such units is naturally going to suffer. It is bound to decline.

While standardization of Canadian arms with those of the United States has been decided upon, again very little has been done towards producing such arms in Canada. I was shocked to learn in the public accounts committee that the only standard weapon being produced in Canada so far is the 3-inch naval gun. So far as I have been able to determine no tooling up has been done for the production of other American type weapons in this country. The minister has made no statement as to how much United States equipment we have bought, if any. It is a very serious situation for us to be in to have got rid of more than half of our army equipment without anything to replace it, if indeed that is the situation, as I fear it is.

There is another phase of this matter on which I should like to comment briefly. Some of the United States equipment is not as good as the British type we have had. A case in point, which was mentioned by the hon. member for Nanaimo this afternoon, is the Bren gun. So far as I can learn, it is a much more effective and flexible weapon than its nearest American counterpart. I understand that the Bren gun can be modified to use ·30 American type ammunition, and I should think it would be wise for us to adopt that course. It would be wise both from the point of view of efficiency and from the point of view of economy to convert our Bren guns to American type ammunition rather than scrap them.

The same question arises with respect to field artillery weapons. My experience during the last war was that the 25 pounder was a much better weapon than its counterpart, the United States 105. I do not know whether it would be satisfactory to modify our 25 pounders to use 105 ammunition, but in any event it seems to be the reverse of progress to be getting rid of superior weapons and replacing them with inferior ones. It is one of the phases of defence rearmament on which I think we should have some information.

The cost of our rearmament effort is also a very important consideration. In his speech in New York on March 30 the minister emphasized the matter of economy. At that time he said:

> We must decrease the unit cost of defence equipment. Unless you actually see it, it is hard to imagine how defence costs have soared.

He went on to say that this was partly due to the increase in prices and partly due to the extreme complexity of much of our modern equipment. He quoted prices as of February 5. He gave the cost of a radar station, the cost of a jet aircraft, and so on. The minister went on to point out that the attempt to secure perfection militates against producing the merely good. He made other remarks along that line. As a matter of fact I think that has been one of the greatest weaknesses and difficulties in producing large amounts of equipment and getting comparatively large forces together either rapidly or cheaply. I think we have always paid a great deal of attention to the matter of trying to produce what we think are extremely superior weapons, and as a result have not produced those weapons in quantity rapidly. There are many examples of that. Russian artillery compared with our own and that of the United States is a case in point. I believe it is produced for about a quarter of the cost or less. It is lighter and more mobile and is only slightly less accurate.

The Thompson sub-machine gun and the Sten gun, both of which were used by our forces in the last war, are another example. I do not know what the figures are, but the Sten gun would certainly cost very much less than the Thompson sub-machine gun, probably a quarter as much. It was not nearly as nice looking a weapon. People did not like carrying it around, but when it came to a fight the difference between them so far as effectiveness was concerned was negligible. I certainly think that a great deal of time can be saved in re-equipping our

forces by equipping them with weapons such as those of which I have given examples rather than attempting at a very slow rate to turn out something which may be very slightly better, and may in some cases not even be better at all.

Somewhat the same thing applies with respect to the amount of equipment with which troops are supplied that they are forced to carry, and so forth. There have been a considerable number of accounts in United States magazines and newspapers of late months concerning how the efficiency of their forces was actually cut down by too much and too heavy equipment as a result of which lives were lost which should not have been lost. Along with that, it was pointed out that there are far too many men in service units of all kinds compared with the number actually fighting. The same thing applies to our own army and other forces.

I have spoken on this general line many times in the house in the past with respect to our own forces. One of my chief criticisms during the past three years has been that our set-up is top-heavy, that the great majority of our personnel were in headquarters and performing administrative jobs, and very few were in fighting units. During the last few months the percentage of people in administrative jobs compared with the percentage in fighting units has of course decreased considerably because of the formation of the special brigade in Korea, and now because of the formation of the new brigade for European service, and also because of recruitment up to strength of the units in our airborne brigade.

The same thing applies to the air force and the navy. However, I think we still have too many men at headquarters and in administrative jobs. I think we are still much more top-heavy than we should be. At the last session the minister said that efforts were constantly being made to improve this situation. I should like him to tell us what has been done. It is no use for him to quote to us what the percentage of improvement has been. I should like to have some definite information as to how many men have been transferred from administrative jobs to fighting units, and things of that sort. As a matter of fact I have seen some evidence that the situation is worse. I do not mean from a percentage point of view, but there are more people in administrative jobs at headquarters than there were before, and that number is increasing all the time. That impression may be incorrect, but it is certainly true in some places. While I am on the subject of the cost of defence, we know that during the past four years we have voted large sums in this house for defence, and a very greatly increased amount is being asked for in this year's estimates. At no time has there been any reluctance to provide the money asked for; nor will there be on this occasion, either in this house or, I think, on the part of the people as a whole. There has been, however, and there is very great concern that the money so voted should be well spent, and that value in fighting ability should be obtained for it.

Past experience in this regard has not been good. In the past three years we have not had very much in the way of fighting units in return for the large amounts that have been spent. Part of our job as members of parliament is to see that the money voted is well spent and that efficient and effective fighting forces are produced. We cannot do that sitting in committee of supply as we are at the moment. I think the only way we can do it at all reasonably is by means of a committee on defence. We have asked for such a committee every session during the past several years, and every session the minister has produced a number of what I would call excuses as to why such a committee should not be set up. I think there is no question but that this is the only way a real scrutiny of defence estimates and expenditures can be made by this House of Commons, and I would again urge the minister to set up such a committee.

Manpower still remains the basic problem in our defence effort. The scheme announced by the minister the other day for raising a brigade for service in Europe is more likely to obtain the number of men needed than any other method which could be devised under the voluntary system. If it does not provide the men needed rapidly, then I think we must face the fact that voluntary recruiting has failed. I sincerely hope the number of men required is raised, and I should hope that would be done within two weeks. In any event I am quite sure all Canadians will wait with great interest to see the results of that scheme.

I should like to offer a few more comments in connection with that matter. I have gone over the list of units each of which is to raise a company, battery, squadron or other sub-unit, and I am puzzled by an analysis of this list. The fifteen infantry battalions to raise a company each are perfectly logical. As the minister said this afternoon, that will give us three battalions of five companies each. However, there are six artillery regiments listed, each to raise a battery. That, of course, would give two regiments of artillery. A brigade group only calls for one regiment of artillery, and I wonder if the

minister will tell us what the second regiment that would be provided is to be used for. Most surprising of all, however, is the ten armoured regiments listed. Does this mean it is intended to raise two or three armoured regiments, or what does it mean? It is not even clear whether the brigade group will have an armoured regiment, though the numbers would seem to indicate not. Therefore just reading over the list it is rather hard to understand just why each of the ten armoured regiments is being called upon to produce a unit or sub-unit for this force.

In the minister's speech of February 5 he said the general defence plan for Canada called for the equivalent of one division in the army. Later announcements seemed to add up to considerably more. We will have one brigade group in Korea and one in Europe, with the airborne brigade at home. It has been announced that the overseas brigades are to be rotated with ones from Canada, which would indicate that we would require at least one more brigade unless the airborne brigade is to be used for this rotation job, which would be directly contrary to all statements of policy that have been made in connection with the employment of that brigade. In addition we need the equivalent of another brigade to provide reinforcements for the troops fighting in Korea. The provision of these reinforcements must have first priority in the allocation of army manpower. At one time there was some talk that the third battalions of the regular infantry regiments, which according to the newspapers today are now on their way to Wainwright from Fort Lewis, would be used as the basis of the brigade for Europe. I am very glad that idea has been given up, if it was ever entertained. I sincerely trust that these third battalions will be brought up to strength and kept as reinforcements for our brigade in Korea. The normal wastage there, apart from battle casualties, is likely to be high; and of course we never know what the battle casualties will be.

The number of men to be raised under the scheme just announced, if it is successful, will amount to 250 per company. That will give us quite a few more men than will be required for the European brigade. A normal infantry rifle company is just a little more than half that number. So if the scheme is completely successful it will mean that we will raise nearly twice as many men as will be required for the brigade group in Europe. I would like the minister to tell us what it is proposed to do with these men. Are they to go into a general reinforcement pool for the whole army? Are they to be held as reinforcements for the European brigade? Or are they really to form the major part of another brigade group for rotation purposes? Certainly in view of the greater number of men involved it is now apparent that the target of 115,000 men for the forces, which was laid down in connection with this program, must be increased. It struck me from the beginning that 115,000 men in the forces was much too small a number for the jobs envisaged for those forces. I think the number should have been at least 150,000 in order to do those jobs effectively. I do not believe the program could be carried on with fewer than that. So I say there seems to be no doubt that the number required under the program, if the minister can get them, will be much more than 115,000, because of the large increase already shown in the army.

The whole question of manpower was mentioned this afternoon in connection with the manpower council. When that council was set up at the beginning of this session many of us expressed the hope that it would be used to make a survey of our manpower resources. It has not met since the initial meeting, and apparently has done nothing along that line. A survey such as it could make would be valuable. However, I think it would be insufficient for our needs in allocating men and women for the services, for industry and so on. I think we need a scheme of national registration in this country immediately. At the beginning of this session, about three months ago, I urged that such a step be taken and the need is just that much more urgent now. Three months have been lost during which that registration could have been conducted.

I believe one of the chief difficulties as far as our defence effort is concerned has been the absence of any sense of urgency on the part of the government in regard to defence preparations or any other matters. They seem to feel no urgency in regard to the matter of inflation, any more than they have shown any feeling of urgency as far as defence matters are concerned. As a result of the fact that the government has shown no sense of urgency, no sense of emergency, the general public has been lulled into a false sense of security. I do not think there is any question but that you cannot have a rearmament effort, you cannot have a war effort or a semi-war effort, without a spirit of willingness to meet it on the part of your people. The only action on the part of any members of the government I have ever seen to arouse such a spirit was this action on the part of the Minister of National Health and Welfare to which reference is made in tonight's *Journal*. I should like to commend

him for trying to put some pep into this thing, for trying to arouse some spirit in the people of this country. It quotes the minister as saying we should whip up fury against the Soviet threat.

Mr. Martin: I should like to point out to the hon. member that I have not read the full dispatch, but it has been called to my attention. I would say it is a good example of a sentence being removed from its context.

Mr. Harkness: There is quite a bit of the minister's speech quoted, and here is the last part:

> Mr. Martin repeatedly underlined with heavy emphasis the need for "fighting spirit" in contrast to "defence mindedness."
>
> "Canadians must be encouraged to whip up their fighting spirit. All our preparations must give top priority to requirements of our army, navy and air force."

Mr. Claxton: Hear, hear.

Mr. Harkness: Yes, hear, hear. I quote this, as I have already indicated, for the purpose of commending the minister as the first one in the government who has made any real attempt so far as I know to stir up any fighting spirit in this country, to give any sense of urgency to our defence preparations or any real encouragement to the young men of this country to believe they are needed in our defence forces.

Mr. Jones: Mr. Chairman, I was very pleased to hear the previous speaker speak so highly of the reserve forces. In my opinion he correctly emphasized the neglect of this force as a potential defence force. I feel that they are neglected and discouraged as civilian soldiers. They lack funds. I happen to have served with them during the last war, and I found that funds were lacking to an extent that the officers always chipped in their pay in order to buy equipment, some comforts and entertainment for the troops. The reserve forces also lack social life because of this lack of funds. I find these troops are usually cramped in old barracks or old drill halls that have not been altered for many years. I believe that is because they are not taken seriously by the Department of National Defence, but are merely treated as a reserve police force.

I mention this because one of the units that has been selected to form the 27th brigade is the unit with which I served during the war, the British Columbia Dragoons. This regiment served overseas with distinction in the last war. I am not going to dwell on this subject at any length, but the regiment has been housed in an old school building transformed to serve as a drill hall. Seven years ago the promise was made that new plans would be drawn, and the plans were actually drawn, to enlarge the hall to accommodate the modern unit that now occupies it. So far nothing has been done. The lands are available, and the plans are available. I presume out of the $5 billion money could be made available. If this unit is to be properly housed that hall should be enlarged, and modern equipment installed such as toilets, bathrooms and so on. In my opinion it is only fair to give these things to the troops that you expect to volunteer in a hurry. I know they will, and you will get your quota out there. Then, the government should do its share by providing proper quarters for training.

Most of the officers who will be called for service with this new brigade will come from reserve units. The officers in reserve units are usually men employed in the ordinary vocations in the town, in stores, offices and so on. They are promoted from the ranks. On their behalf I would ask the government to pay all the costs of the clothing that officers have to buy on entering active service, or upon being given a commission in the reserve army. Either the clothing should be given to them or an adequate amount of money allowed so that they could buy clothing wherever they wished.

I believe the government should reassure these men, particularly the rank and file, that proper care will be taken of them when their service is completed. Today a lot of men question this fact, and they question it when they read such statements in the press as appeared in the *Globe and Mail* about a week ago. The article is headed "Korea Veterans Seek Own Route to Civvy Street." It reads:

> Korean brigade soldiers discharged this week found that the federal government had made no effort to pave their road back to civvy street.
>
> D.V.A. officials said representations have been made to Ottawa for assistance to the veterans, but no re-establishment action has been authorized. There were no re-establishment credits, educational grants, Veterans Land Act, discharge leave or clothing allowances for men discharged from the UN force. Only unemployment insurance benefits are available and these only to men with over nine months' service—which few men of the brigade can yet claim.
>
> A few medical discharge cases now being "processed out" get their pay, but nothing more.
>
> "If a man declares himself destitute he may get a $30 voucher to obtain clothing, but this is supposed to be deducted from the army pay owing to him," an army spokesman said today.

I am not going to mention that further, but I would say to the minister that if he expects to recruit the full number of men for the armed services, then those men must be given the assurance that they will receive

proper, just and fair treatment on being returned to civilian occupations afterwards.

I am going to deal briefly—I hope to pass on a suggestion or two to the minister—with my own province. I believe the Pacific coast has grown in importance, especially in the event of a possible war. I believe the minister should take certain steps to remove bottlenecks which prevent the free flow of traffic east and west. We in British Columbia are fully conscious of these bottlenecks, but have become so accustomed to them that possibly we do not object. The first problem is the immediate completion of the trans-Canada highway. I believe this has been a long standing need, and the speed with which it is being completed is far from satisfactory. For the sake of civil defence and the needs of war, the minister should see that the trans-Canada highway from Alberta to British Columbia is completed at a very early date.

The other bottleneck which I have always felt should be removed, not only for the war effort but for peacetime as well, is the railway track running on each side of the Fraser river from Kamloops to Vancouver. On one side you have the Canadian National, and on the other side about one hundred or two hundred feet away is the Canadian Pacific. They both run on single lines because there is not the width to allow for double tracks. Any time there is a meet they have to wait, sometimes for hours, to be overtaken on a siding, and there are not many sidings along that route. The result is that both the Canadian National Railways and the Canadian Pacific Railway suffer a severe bottleneck by way of slow transportation; whether it is wheat, troops or passengers, it does not matter. My suggestion would be that these two railways get together, either with the aid of the government in some way or at the insistence of the government, and make the Canadian National a one-route railway going east and the Canadian Pacific Railway a one-route railway going west from Kamloops to Vancouver. In that way traffic would be speeded up and long waits for shunting at sidings would be avoided. The value of the railway as a transportation system, between Kamloops and Vancouver, would probably be doubled. I merely pass that idea long.

Another bottleneck that we have, possibly by the very nature of our country, is that with respect to airports. We have possibly two dozen airports in the interior of British Columbia, an area several times larger than the British isles which has as many hundred airfields. We in the interior are independent and some years ago we started building our own airfields; but owing to lack of funds, we were not able to build fields that could be of use during war. We have, however, retained sufficient land so that the present fields could be extended to be of value in case of war. I could mention such places as Grand Forks, Kelowna, Vernon, and Kamloops. They are prepared to extend their airports in order to accommodate military planes.

As to Grand Forks, on their behalf I have already offered the government the full use, by lease, gift or in any other way, of their excellent port. All it needs is a slight extension to make it of first-class strategic importance, as it is close to Trail. Failing the government's taking active steps to do this, I am satisfied that the municipalities concerned are willing to co-operate and that, given a little bit of assistance, they would carry out the work themselves.

To my mind, these ports are important in the interior. They are safe from attack. They are not as vulnerable to enemy bombing and so on as they would be if they were actually on the Pacific coast. I feel that the government should investigate the possibility of having jet planes in the interior; because by jet planes particularly it is only about twenty-five minutes from Vancouver or maybe thirty-five minutes from Victoria. They would be quite safe in the interior in contrast with the danger they would be in from bombing at the coast.

The subject of my talk tonight was not to be that, but I became a bit sidetracked. My intention had been to speak for a short time on civil defence. I believe this subject is neglected too much by those who speak in the House of Commons, by the government and by the municipalities throughout the country. I believe that the public today are confused for want of instruction and authentic information. If you doubt this statement, I would ask you to just go outside in this or any other town and quite casually ask the first civilian you meet: What would you do in the event of enemy planes being reported coming in this direction? Just ask that question of any man or woman in Ottawa or in any other town, and you would be astounded at the blank look which you would receive. They have no answer. They are relying on some government or on some authority to be doing the thinking on their behalf.

We have been told that there are instruction schools and committees functioning, and that they have been set up in various parts of Canada. But the fact remains that the average Canadian has not the vaguest idea of what he should do in case of attack, where he should go or what part he should

play in that case. The chances are that the people would scatter like frightened rabbits, seeking the deepest burrow.

One can imagine the confusion of the uninstructed population, faced with a disaster of that kind. We who saw active service remember quite well the terror that demoralized the people, especially the children, in Belgium and France, when the enemy advanced; the thousands who trudged weary miles along roads, going nowhere in particular, sleeping where they could under a hedgerow or maybe in a ditch for better protection. This happened to people in Europe who had first-hand knowledge of previous wars and who had been taught to expect such things. What would happen to our people? What would be the fate of Canadians, lacking instruction, lacking experience and lacking leadership, in towns like Ottawa, Montreal, Toronto or Vancouver? There is only one name for it: complete chaos; and complete chaos will be the result unless we take that leadership in giving these people direction immediately and now. It must be done immediately, because the article that I have already read by the Minister of National Health and Welfare would indicate that this danger is serious and urgent. If we have any pep or any fight, do not let us concentrate it all in Korea. Let us use some of it at home and see that we take adequate steps to protect our people.

I understand that General Worthington is doing his best to arouse public opinion; but instead of touring the country from coast to coast I believe that he would be better employed if he were properly established here in Ottawa, with a competent staff to take care of the provincial organization and to give proper direction. You cannot do that when you wander around the country giving speeches at Rotary clubs and so on. This thing is urgent. It is as necessary to have him here with a proper staff as it is to have a general staff for the army. I should like to quote what General Worthington had to say on May 5, as reported in the Ottawa *Journal* of May 7:

> Major Gen. F. F. Worthington, C.B., M.C., M.M., federal co-ordinator of civil defence, Saturday urged every man and woman in Canada to accept their responsibilities as part of a countrywide civilian force organized to play their part in the event of invasion.
>
> Speaking at V-E day ceremonies at Aylmer on Saturday afternoon, the general said there was no place on this continent which was not subject to invasion. In a future war America would not be protected by the barriers of two oceans and an Arctic icecap.
>
> "Today the front line is your own front yard," he said. He warned that the method of warfare now was to smash at the civil population in order to disrupt the home front and the productive capacity of a nation.
>
> Gen. Worthington said the civilian population would need to be trained to know what to do in the event of invasion to minimize the effect on morale and production.

And he went on to ask the branches of the Canadian Legion to take part in this particular work.

Mr. Knowles: Eleven o'clock.

Item stands.

Progress reported.

BUSINESS OF THE HOUSE

Mr. Claxton: Tomorrow we shall proceed with this debate.

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

HOUSE OF COMMONS

Wednesday, May 9, 1951

The house met at three o'clock.

QUESTIONS

UNIVERSITY NAVAL TRAINING DIVISIONS

Mr. Pearkes:

1. What quotas were allocated to the university naval training divisions of the various universities during 1950?

2. To what extent were these quotas filled?

Mr. Blanchette:

1 and 2.

University or college	Quota Allotted	Quota Filled
Victoria college	30	30
University of British Columbia	75	95
University of Alberta	40	40
Regina college (including Luther and Campion colleges)	20	20
University of Saskatchewan	50	50
University of Manitoba	100	100
Lakehead Technical institute	5	0
Assumption college	30	30
University of Western Ontario	60	70
McMaster university	55	65
Ontario Agricultural college	55	24
University of Toronto	160	185
Queen's university	80	80
Ottawa university and colleges in Ottawa	50	50
McGill university	70	80
University of Montreal	70	70
Laval university	50	50
University of New Brunswick	25	25
Mount Allison university	25	25
St. Francis Xavier university	55	55
Acadia university	20	20
University and colleges in in Halifax	60	60
St. Dunstan's college and Prince of Wales college	30	30
Memorial university	25	25
Total	1240	1279

LABRADOR IRON ORE DEVELOPMENT—UNEMPLOYMENT INSURANCE

Mr. Higgins:

Is the unemployment insurance office at Amherst, Nova Scotia, arranging for the employment of men for work at the iron ore development at Labrador?

Mr. Cote (Verdun-La Salle): There are no orders placed with the unemployment insurance office at Amherst, N.S., for employment of men for work at the iron ore development at Labrador.

RESERVE UNIVERSITY FLIGHTS

Mr. Pearkes:

1. What quotas were allocated to the reserve university flights of the various universities during 1950?

2. To what extent were these quotas filled?

Mr. Blanchette:

1 and 2.

University	Quota Allotted	Quota Filled
Queen's university	27	24
University of Montreal	30	30
McGill university	40	46
University of Toronto	60	57
University of Western Ontario	30	22
University of Manitoba	40	36
University of Saskatchewan	25	29
University of Alberta	35	36
University of British Columbia	45	54
Total	332	334

The following universities and colleges have not a sufficient enrolment to establish a flight but quotas are allotted and personnel are selected who take summer training with the reserve university flights:

University or College	Quota Allotted	Quota Filled
Acadia	4	3
Dalhousie	6	11
St. Francis Xavier	7	2
St. Mary's	3	7
University of New Brunswick	13	9
Mount Allison	5	1
Laval	8	12
Carleton college	2	1
Ottawa university	3	3
McMaster university	3	2
Sir George Williams	1	1
Total	55	52

ARMED FORCES INFORMATION BUREAU

Mr. Diefenbaker:

1. Has an information bureau for the armed forces been set up?

2. If so, when, and what is the name of the organization?

Questions

3. Has a director of current affairs been appointed?
4. If so, who, and at what salary?
5. What is the present size of the director's staff, and what additions are contemplated?
6. Is such information bureau now operating?
7. If not, when is it expected to do so?

Mr. Blanchette:

1. Yes.

2. March 12, 1951—Bureau of current affairs.

3. Yes.

4. Mr. H. R. Low—$7,500 per annum.

5. Director and secretary. Approval has been given for five additional members of a staff and five members of a substaff, such as stenographer, typists and clerks.

6. Yes.

7. See answer to No. 6.

QUESTIONS BY MR. BALCOM ANSWERED ON APRIL 26—FURTHER ANSWERS NOW TABLED

Hon. Edouard Rinfret (for the Secretary of State): Mr. Speaker, two questions placed on the order paper by the junior member for Halifax (Mr. Balcom) were incompletely answered on April 26 last. I wish to table the complete answers now.

H.M.C.S. "CORNWALLIS"—CONTRACTS FOR REPAIRS, ETC.

Mr. Balcom:

1. What firms were awarded contracts, and what was the amount of each contract, during 1950-51 for (a) new construction and repairs; (b) catering; (c) supplies for H.M.C.S. *Cornwallis*?
2. Were tenders called in each instance?
3. If so, who submitted tenders, and what was the amount of each tender?

Mr. Bradley: Contracts for new construction were awarded by Central Mortgage and Housing Corporation during 1950-51 as follows:

Landscaping

Log crib at buildings 81-94 fire hall

Surface drains and catch basins at buildings 81-94 fire hall

With respect to landscaping:

1. June 22, 1950, Rosehall Nurseries Limited, Brantford, Ontario, $16,984.00.

(Storm damage—by change order to Rosehall Nurseries Limited for $11,250.00, August 25, 1950. Concrete walks and steps—by change order to Rosehall Nurseries Limited for $10,216.58, September 25, 1950.)

2. Tenders were called.

3. Rosehall Nurseries Limited, $16,984.00.

[Mr. Diefenbaker.]

With respect to log crib at buildings 81-94 fire hall:

1. January 11, 1951, George Mabee, Saint John, $3,350.00.

2. No.

3. See answer to No. 2.

With respect to surface drains and catch basins at buildings 81-94 fire hall:

1. January 13, 1951, George Mabee, Saint John, $2,052.00.

2. No.

3. See answer to No. 2.

R.C.A.F. HEADQUARTERS, GREENWOOD, N.S.—CONTRACTS FOR CONSTRUCTION, REPAIRS, ETC.

Mr. Balcom:

1. What firms were awarded contracts, and what was the amount of each contract, during 1950-51 for (a) new construction and repairs; (b) catering; (c) supplies for the R.C.A.F. headquarters at Greenwood, Nova Scotia?
2. Were tenders called in each instance?
3. If so, who submitted tenders and what was the amount of each tender?

Mr. Bradley: Contracts for new construction were awarded by Central Mortgage and Housing Corporation during 1950-51 as follows:

Surfacing roads and paths

Supply and installation (2) two circuit breakers for 2,300 volt feeders

Landscaping

Houses—90 units

Sewer and water

Road consolidation—grading, gravelling of roads and driveways

Power distribution—90 units

School

With respect to surfacing roads and paths:

1. June 9, 1950—Municipal Spraying and Contracting, $8,597.95.

2. Tenders were called.

3. Diamond Construction Company, $10,542.50; Municipal Spraying and Contracting, $8,597.95.

With respect to supply and installation (2) two circuit breakers for 2,300 volt feeders:

1. August 29, 1950—Avon River Power Company, $14,500.00.

2. No.

3. See answer to No. 2.

With respect to landscaping:

1. May 18, 1950—Rosehall Nurseries Limited, $20,700.00.

2. Tenders were called.

3. Murray and Falconer, $34,392.00; Maritime Landscape Gardening, $30,575.00; L. G.

Rawding, $64,850.00; Chas. W. Thompson, $32,990.00; Rosehall Nurseries Limited, $20,-700.00.

With respect to houses—90 units:

1. April 11, 1950—Terminal Construction Company (extended for $327,730.00 for 50 additional units at original unit price), $603,-350.00.

2. Tenders were called.

3. Terminal Construction Company, $603,-350.00; Diamond Construction Company, $635,600.00; Eastern Woodworkers, $605,-072.75; Bayside Construction Company, $664,-897.00; M. A. Condon and Sons, $673,879.00.

With respect to sewer and water:

1. July 25, 1950—Terminal Construction Company (extended for $15,692.50 to service 50 additional units at original unit prices), $48,081.90.

2. Tenders were called.

3. Terminal Construction Company, $48,-081.90; G. M. Gest Limited, $86,846.09; Fowler Paving Limited, $76,493.04; Babine and Taylor, $55,063.23.

With respect to road consolidation—grading, gravelling of roads and driveways:

1. June 7, 1950—L. G. Rawding, $6,238.00.

2. Tenders were called.

3. Municipal Spraying and Contracting, $7,943.00; L. G. Rawding, $6,238.00.

With respect to power distribution—90 units:

1. June 27, 1950—Bryant Electric Co. Ltd., (extended for $9,500.00 to service 50 additional units), $15,460.73.

2. Tenders were called.

3. Dickie's Radio and Electric Co. Ltd., $17,187.00; Stirling Electric Company Limited, $18,000.00; Bryant Electric Company Limited, $15,460.73; Crowdis and Lewis, $21,550.00; L. St. Clair Baird, $19,405.97; G. M. Gest, $39,378.00.

With respect to school:

1. July 17, 1950—Kenney Construction Company (Herman MacDonald, the lowest tenderer, could not produce proof of financial ability to undertake a job of this size and therefore his tender was rejected), $195,-736.00.

(With additional number of houses a stage III school was required and contract extended for $196,400.00.)

2. Tenders were called.

3. Herman MacDonald, $179,460.00; Kenney Construction Company, $195,736.00; Eastern Woodworkers, $203,970.00; Terminal Construction, $209,756.00; Annapolis Valley Construction, $235,625.00.

QUESTIONS PASSED AS ORDERS FOR RETURNS

PORT AUX BASQUES-SYDNEY FERRY

Mr. Fraser:

1. Were tenders called for the construction of the freight and passenger ferry to be used between Port aux Basques, Newfoundland and North Sydney, Nova Scotia?
2. If so, what firms submitted tenders?
3. What firm was awarded the contract?
4. What are the terms of the contract?
5. Were Vickers engineers employed in the designing of this ferry?
6. Was an outside naval architect employed?
7. If so, what architect or architects were employed?
8. What amount is to be paid to such architect or architects?
9. Were any other technicians, engineers or others employed in the designing of this ferry?
10. If so, who were they, and what will each receive for their work?

IMPERIAL SERVICE AND CANADA MEDAL AWARDS

Mr. Fraser:

1. How many imperial service medals have been granted to Canadians since 1930?
2. How many of such medals were granted in each year from 1930 to date?
3. How many were granted to persons in each department of the government during this period?
4. How many of these medals were conferred or granted to Canadians who had retired from the civil service after serving less than twenty-five years?
5. What are the names of the persons to whom they were granted, and in which department did they serve?
6. Have any awards of the Canada medal been made?
7. If so, to whom?

Mr. Blanchette: Return tabled.

ROYAL CANADIAN MOUNTED POLICE—PROFESSIONAL AND SPECIAL SERVICES

Mr. Fulton:

1. What was the total paid by the Royal Canadian Mounted Police for professional and special services in the fiscal year 1950-51?
2. What person, persons, firms or companies received payments of $10,000 or more under this heading in the said year, what was the actual amount of each payment, and for what service was the payment made in each case?

DEPARTMENT OF PUBLIC WORKS—PROFESSIONAL AND SPECIAL SERVICES

Mr. Fulton:

1. What was the total paid by the Department of Public Works for professional and special services in the fiscal year 1950-51?
2. What person, persons, firms or companies received payments of $10,000 or more under this heading in the said year, what was the actual amount of each payment, and for what service was the payment made in each case?

Inquiries of the Ministry

DEPARTMENT OF HEALTH AND WELFARE—
PROFESSIONAL AND SPECIAL SERVICES

Mr. Fulton:

1. What was the total paid by the Department of National Health and Welfare for professional and special services in the fiscal year 1950-51?

2. What person, persons, firms or companies received payments of $25,000 or more under this heading in the said year, what was the actual amount of each payment, and for what service was the payment made in each case?

DEPARTMENTAL SOLICITORS

Mr. Gillis:

1. How many departmental solicitors were appointed to government departments from January, 1950, to April, 1951?

2. How many of them are ex-servicemen from (a) the first world war; (b) the second world war?

TRANS-CANADA AIR LINES AND C.N.R.—PUBLICITY

Mr. Knight:

1. What firms supplied or contracted to supply the advertising and publicity in the fiscal year 1949-50, for (a) Trans-Canada Air Lines; (b) Canadian National Railways?

2. What amounts were paid for these services to each of the firms in the fiscal year 1949-50?

MOTIONS FOR PAPERS

VETERANS LAND ACT—LEGAL SERVICES

Mr. Fulton:

For a copy of any correspondence prior to December 31, 1944, between the Department of Justice and/or the Department of Veterans Affairs or any other department of government and any lawyer or firm of lawyers in the city of Toronto or elsewhere in Ontario, containing offers or discussions of the terms of employment as solicitor for the Veterans Land Act to do the work subsequently undertaken by Mr. W. C. Thomson.

PORTUGAL COVE, NFLD., WHARF

Mr. Higgins:

For a copy of all correspondence, telegrams and other documents exchanged between the government of Newfoundland, the resident engineer of the Department of Public Works at Newfoundland, the Department of Public Works, or any minister of the government, and any person, persons, or organizations since April 1, 1949, relating to construction or repairs of a wharf at Portugal Cove, Conception bay, Newfoundland.

Mr. Fournier (Hull): Mr. Speaker, I should like to ask the hon. member to allow this motion to stand until the next sitting when motions are called.

Mr. Speaker: Stand.

(Translation):

POSTAL SERVICE

CHICOUTIMI AND LAPOINTE COUNTIES, QUE.,
MAIL CONTRACTS

On the orders of the day:

Mr. Paul E. Gagnon (Chicoutimi): Mr. Speaker, I rise to a question of privilege.

[Mr. Fulton.]

Some time ago I placed two questions on the order paper. The first one was:

1. Who has the contract for carrying the mail between Chicoutimi and Grande Baie via the offices of Bagotville and Port Alfred, Quebec?
2. What is he paid for this service?
3. When does the contract expire?

Here was my second question:

1. Who has the contract for carrying the mail between Saguenay airport at Bagotville and the post offices of the counties of Chicoutimi and Lapointe?
2. What is paid for this service?
3. When does the contract expire?

On April 30 last, the parliamentary assistant to the Postmaster General (Mr. Langlois) replied as follows:

These two questions refer to the following service: Jonquiere-Kenogami and airport at Bagotville, via: Arvida, Chicoutimi, Bagotville, Port Alfred, Grande Baie.

I regret to inform the parliamentary assistant to the Postmaster General that his answer applies only to the second question and that the first has remained unanswered.

I really would like to know who has the contract for carrying the mail between the C.N.R. station at Chicoutimi and the post offices of Grande Baie, Port Alfred and Bagotville.

Hon. Edouard Rinfret (Postmaster General): Mr. Speaker, I have made a note of the remarks made by the hon. member and I shall see to it that he gets a reply in due course.

(Text):

SUPPLY

Hon. Alphonse Fournier (Minister of Public Works) moved that the house go into committee of supply.

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

DEPARTMENT OF NATIONAL DEFENCE

Defence forces—

245. To provide for the defence forces of the navy, army and air services and defence research and development, and to authorize total commitments for this purpose of $3,831,270,000 including authority notwithstanding section 29 of the Consolidated Revenue and Audit Act, to make commitments for the current year of $1,924,170,835 and commitments against future years of $1,907,099,165 against which commitments it is estimated that actual expenditures in 1951-52 will not exceed $1,595,050,000 of which $183,050,000 will be provided from section 3 of the Defence Appropriation Act, 1950, as supplemented by item 246, $1,412,000,000.

Mr. Jones: Mr. Chairman, just before eleven o'clock last night I had quoted an extract from a statement made by General Worthington to the effect that the next war would be fought in our own back yard. When

General Worthington made that statement I think he fully believed it. It is a serious statement to make, and we are compelled to agree that if war does break out it will be in our own back yard. Therefore the question of protection of that yard becomes a matter of paramount importance to every one of us, and I claim that today it is totally inadequate. No one knows that better than the gentleman whom I have quoted. To my mind we need a master plan immediately under which every citizen of this dominion can contribute efficiently his time, skill and effort to the protection of that back yard. Every citizen should be given a clear analysis of all the risks involved, and should be clearly informed of the personal responsibility within the defence plan of his particular community.

With proper information and clear instructions given to our citizens, we could avoid the confusion that otherwise must necessarily prevail. I think it is very important that the government should commit itself immediately to seeing that proper instruction is given. Confusion is responsible for more casualties than would occur from the actual bombing by a potential enemy. I shall not deal with civil defence needs in detail beyond urging the government to speed up the work of organizing nursing and other health services, air raid wardens, rescue squads, communication workers, ambulance, telephone and transportation services, light, power, and a thousand and one other things that are of primary importance in case of an attack by a potential enemy.

I would further urge upon the government that it should clarify its position with respect to its plans, if any, for aiding provincial governments to carry out their part of the over-all plan. Dissatisfaction is general in this regard. Practically every province is kicking about the present arrangements and is not satisfied with them. I think the position was forcibly expressed by the province of Ontario as reported in the *Globe and Mail* of February 28 last. I should first like to refer to the words of Premier Frost. The article reads as follows:

"We have a right to know what are the facts," said Mr. Frost. "How can the federal government leave this matter hanging in the air? This is a matter for national direction, for expert attention. If Ottawa does not want to spend any money, why not come out in the open and say so? We'll sacrifice gladly if we are told what to do. I'll prune my budget before next Tuesday to cut out every non-essential item if I am told it is needed. But we want to know; we feel we are entitled to clarification and guidance."

The report continues:

C.C.F. leader Jolliffe agreed that this was mystification in a high degree. If Mr. Welsh's report accurately covered the accomplishment of a conference of ten provinces and the dominion, it showed nothing but a lot of vague implications that the federal government would do a little in some cases, maybe a bit in others, and hadn't even considered some. He felt that no "half-baked" program should be launched by anyone; on the other hand, Ottawa had knowledge not held by others and it should impart that to the provinces in sufficient degree to assure them of what must or must not be done. Actually, he felt, Ottawa was about three years late in calling a conference; civil defence planning should have been started when the director of such work was appointed more than three years ago.

The article goes on to say:

Liberal leader Oliver agreed that Ontario was left very much in the air, and Mr. Frost's comments were very reasoned. He felt that the over-all direction of civil defence should fall within the jurisdiction of civil defence, despite what arguments might exist as to jurisdiction regarding property rights and damages assessments. "We will go along with the premier and leader of the opposition in expressing the belief that the situation must be clarified," said Mr. Oliver. "After all, the problem of civil defence arises as a result of international policies over which province and municipality have no control. This house should press for clarification of civil defence policy, and I feel it should come from the federal sphere."

I quite agree with that article. It puts in a concise form my argument that the federal government must clarify its position so that the provincial governments and municipalities can co-operate to the fullest extent while there is still time.

While it is true that the greatest need is to protect our larger cities and more vulnerable manufacturing towns, at the same time we must not forget the rural areas. In the event of evacuation becoming necessary, the rural areas would be a very important cog in the scheme of civil defence. I believe steps should be taken now to investigate and list all available accommodation in rural areas so the information would be available in case of need. First aid classes should be started in those districts immediately, and the residents should be trained to take care of evacuees so that they would be able to play their part if such an evacuation should take place.

Naturally the question will be asked, who is going to pay for all this? To my mind that is clear. This is plainly a matter for the federal government, which under the British North America Act is entrusted with the care and protection of the people. In any event the cost would be very small if the co-operation of municipal and provincial governments were sought at once. Such things as welfare services, nursing services, fire fighting services and so on, already established within the municipalities, could be improved

and expanded through federal aid and assistance. In the event of war, failure to act now could be far more costly, not only in money but in human lives as well. So I urge the government to give this aid and assistance as quickly as possible. I believe the cost would be a fair charge on the billions we have already voted for our national defence program. If suitable plans for the welfare and protection of our people in the event of attack were prepared and made known, it would go far to reassure and give confidence to our people. I make this suggestion not on a political basis but as a Canadian seeking ways and means to protect our homes and our people from the danger that threatens.

Naturally the next thought that comes to mind is whether we are doing all we can for our protection, particularly from air attack, should another war break out. I am not satisfied that we are doing all we can. I am not satisfied that we have sufficient jet fighters ready to take to the air to keep the enemy from this country. I am not satisfied that they are strategically placed to carry out that task. Their distribution has been too haphazard; they are bunched in large centres and not strategically placed across the country. I feel that we have to step up our defences by means of speedy jet interceptors and jet fighters, together with a complete radar screen right across this dominion. We have been led to believe that we can rely completely upon our air force, and that we need not worry; but I was alarmed, as no doubt other hon. members were, by an editorial in the *Globe and Mail* of yesterday, which I should like to read. If the minister has not already read it I think he should hear it read so that he may reply to it and reassure the people. If the position is not as set out in the editorial, the minister should tell us that something is being done, because I am more afraid than ever that we are not properly protected. The editorial states—

Mr. Claxton: I do not want to be technical, Mr. Chairman, but I call your attention to the rule against reading editorials.

Mr. Jones: Then I will not read it, but I direct the minister's attention to this editorial in which his department is charged with providing totally insufficient protection for this dominion; with promises that have been made and not carried out, and so on. We are told that we have not the air force we should have, that we have not the men, the planes, or the equipment. I believe such a charge should be answered. If the statements are true, the minister should admit it and take steps to remedy the situation. If they are not true, this article should be answered and the public should be given some reassurance that something substantial is being done.

I am quite prepared to pass this editorial over to the minister, and I should like to hear his reply. I assure him that as a citizen of Canada I am anxious to co-operate to the fullest extent to bring our protection to the highest level possible within our means and capacity as a nation with a small population. I repeat that in my opinion if we have full co-operation on all sides we can bring about a system of protection that will reassure our people and permit them to sleep in peace without worrying about Russian domination.

Mr. Coldwell: There is a point, Mr. Chairman, which I believe should be clarified immediately. The minister objected to the reading of an editorial. If an editorial reflects upon the proceedings of this house of course it should not be read; but citation 265 at page 108 of Beauchesne, third edition, says:

> It is not in order to read articles in newspapers, letters or communications emanating from persons outside the house and referring to, or commenting on, or denying anything said by a member or expressing any opinion reflecting on proceedings within the house.

I submit, Mr. Chairman, that while I do not know what was in the editorial, if it does not reflect on the proceedings within the house the hon. member should have been permitted to read it. I am raising the point because I would not like the minister's objection to remain on the record without some challenge.

Mr. Claxton: Perhaps I was wrong; I will look it up later. I have seen the editorial.

Mr. Hunter: Mr. Chairman, as I have listened to the speeches in this debate, some informative and some merely interesting, I have sometimes wondered whether those speaking have tended to lose sight of what we are attempting to do, why we are arming and to what extent we should arm at this time in view of the international situation.

As we all know, Russia has two alternative plans, either of which it can slip into from the other. The first obviously is to take all it can get by armed aggression when it chooses to use that method. The second is to take what it can get by infiltration and propaganda. At the present time we are not fighting Russia physically, and it would be silly, unnecessary and inadvisable to arm to the point where we would be prepared to carry on an all-out conflict. That is not what we are aiming at. We are aiming at putting ourselves into such a position that if war should

come we would be able to make a maximum effort within a short time afterwards. We are placing ourselves in a position to rearm. In other words in three years, including this year, we hope to be rearmed, so that from that time on, provided no war breaks out, we can maintain a state of armament which would permit us to go quickly into full production should an actual war occur.

I sometimes think some of those who keep saying we are doing too little too late fail to keep that objective in mind. Russia has those two alternatives. One is to beat us by force; the other is to beat us by propaganda, by fear; to convince us that we must have an all-out war effort and must maintain that all-out effort for a period of years, so as to bring about an economic break-down. Then, when our standard of living is reduced, they hope to be able to achieve what they desire without having to go to war. That is obvious to everyone. Most people see it, but they sometimes tend to lose sight of that fact. We in Canada do not intend to lose this struggle either way. We do not intend to lose it through armed force, nor do we intend to lose it through an economic break-down engendered by fear and helped along by people who cannot quite understand what we are attempting to do.

Canada's policy in Korea is clear and extremely simple. We are trying, through the United Nations, to stop aggression there in order to prevent it elsewhere later. Nothing could be more simple. People are criticizing the United Nations for having got themselves into a hopeless mess by resisting this aggression in Korea; that they see no end to this fighting for years—we certainly hope that will prove to be incorrect. Nevertheless we shall have accomplished something if we can stop them from going into Indo-China, or by this resistance stop them from going into India or any other country. Such an event would more than justify the expense and the loss of human life, for which we all grieve, in Korea. The action is so transparently advisable.

There is a tendency to criticize the United Nations and say the organization is washed up; that they are not able to enforce their demands. Surely we have gone through this situation often enough in the history of Canada and in the history of the world to realize that any international organization has to creep before it can walk, has to walk before it can run. You do not develop an international organization overnight. It may never really develop to the point that we hope it will during our lives; it may not develop under the auspices of the United Nations, but the thing will continue. It is an ideal that is going to continue, and that is irresistible.

Until people thoroughly understand that international law is not only desirable but has been established, we shall not have achieved what we hope to do under the United Nations or through any other international body. Sooner or later, just as the common law crept up in England and was adopted by Canada, an international common law and statutory law will creep up. When that day arrives, we shall have achieved something. You do not do that overnight, nor would it be advisable to give those powers to the United Nations now. The United Nations lack the experience in the administration of international law. It will only get that when, with international law behind it, it has gained the experience and confidence of the peoples of the world.

There has been some criticism of our defence effort, and I should like to quote a few figures for the year 1951. Comparisons are sometimes misleading, and sometimes they are odious; nevertheless I do not think these figures are unworthy of quotation in this house.

First of all, the defence expenditure expressed as a percentage of the gross national production for 1951 is as follows: France, 7·2 per cent; Belgium, 4·4 per cent; United Kingdom, 9·0 per cent; United States 15·3 per cent; Canada, 9·4 per cent. Canada is second only to the United States. The 1951 defence expenditures per capita expressed in Canadian dollars are as follows: France, 51·9; Belgium, 35; United Kingdom 75·9; United States, 330·6; Canada, 138·4. It is true that while we are second we are a considerable distance behind the United States, but we are also a considerable distance ahead of the other three nations named. I believe those figures are interesting. They may have some significance, but it is difficult to know what significance to attach to figures of that sort. I do believe, however, they have just as much significance as, and probably more than, many of the adverse figures which I have heard quoted.

There has been a criticism that we have rearmed far too late. Mr. Chairman, may I suggest that is a question of opinion. I do not know how anyone can prove whose opinion is right until the event happens. The event has not yet happened. We hope we are right, and we are sincerely trying to do what we consider to be right. The suggestion of the hon. member for Nanaimo may be perfectly correct. It may be that we should have rearmed more heavily two or three years ago. On the other hand, it may be that five years from now the hon. member for Nanaimo and others may be suggesting we have armed too early. I do not think this is

something that can be defined accurately as a mathematical problem can be defined. It is a very difficult question, but it is one upon which we are acting with the best advice possible. I suggest it would be a strong criticism to keep telling us that we have armed too late. The situation is not one that is capable of accurate calculation.

The hon. member for Nanaimo suggested also that if we had armed three years earlier, it might have curbed the present inflationary trend which has been caused by our intensive rearmament. I am not an economist, although I studied economics at the university. The only thing I gained from my study of economics was a suspicion of economists. While I regard economists with great interest and I like to read what they say, I would hesitate to adopt what they recommend in my business for fear the Bankruptcy Act would apply very shortly.

Another one of the criticisms that is often aimed at the government by all parties in opposition is that they have too little information, and that from the little information they are able to obtain they are unfortunately strangled to the point where they cannot make proper criticisms. Well, that is what I call a negative argument. It is an excuse that I have seen from my earliest school days. It is an excuse that has been used I think since the time of the Greeks. If people are not willing to work sufficiently hard to digest the information which is furnished to them, then they say: We have not the information, so we cannot criticize. Mr. Chairman, what information do they get? First of all, they get the estimates, which are in some detail. They can have a great deal more detail any time they care to ask for it. Second, they have the public accounts. It is rather enlightening if one looks at the attendance of the Progressive Conservative members on the public accounts committee. There does seem to be a certain reluctance on their part to attend meetings.

Then, there are questions. Any hon. member in this house is entitled to ask a question, unless the information is top secret and should not be given in public. Members may ask any number of questions and receive answers accordingly. That is a method that provides a lot of information. This year the estimates were tabled early in order to meet the convenience of the leader of the opposition and others who requested that that be done. When they were tabled the leader of the opposition was asked whether he wished to proceed with them immediately, and his answer was in the negative.

The form of government which we have is not one which allows the government to delegate authority. It is true that in certain other countries the cabinet is not representative of the people, but is appointed. In our own country the cabinet is composed of elected representatives. The Minister of National Defence has the responsibility of discharging the functions of his cabinet post. His task is not to govern with the consent of the opposition or with the advice of the opposition. Having been appointed as a minister of that department by the party which has been elected to power in this country, he is given that responsibility and he must exercise it. He is not supposed to throw it into some committee and say: "Here, what do I do?

I have seen nothing so far—and others may agree with me—put forward by the members of the opposition that would lead me to believe the forming of such a committee would be to the advantage of Canada. The criticisms and suggestions they have made, if incorporated in one small volume, would not seem to me to justify the appointment of a committee. I suggest that they write them on a single piece of paper and send them to the minister. I suggest that, under the form of government which we have, and having regard to the manner in which our defence department is set up in this country, there is actually available to the opposition member who cares to put some work into it far more information than is available in the United Kingdom. I would say there is available far more information than one gets in the United States. This government provides the members of the opposition with more information about what is happening in national defence, I believe, than any other government in the world.

It is not my task, Mr. Chairman, to suggest things to members of the opposition, but I would just ask the leader of the opposition to consider this one thing and to consider it seriously: Is he not confusing lack of information with his lack of assimilation thereof?

Mr. Gillis: Mr. Chairman, I feel diffident about taking part in this discussion after the lecture we have just had, inasmuch as I am not an economist nor a lawyer. To me as a member of an opposition party it sounded as if we had no business to be talking at all. But in order to justify our existence we must express opinions on matters that come before parliament, and that is what I am going to do at this time. I think the Minister of National Defence gets a great deal of value out of the suggestions that are made here.

Mr. Claxton: That is quite true.

Mr. Gillis: During the period in which I have been a member of parliament I have

seen enacted a great deal of legislation that had its origin on this side of the house. In the task that the Minister of National Defence has today I am reasonably sure that he welcomes the opportunity of spending a little time in sitting down and listening to members who have not much to do except to think about these matters. As hon. members know, the minister is a busy man; he is the minister for air, for naval affairs and for the army. He also has a great deal to do with civil defence. The matters that he is required to go into, dealing with the problems of organizing defence in this world today, are such that a great deal of thinking is required. It is for that reason that I am going to say a few things to the minister at this time.

I should like to emphasize once again what has already been emphasized on two or three occasions in this debate, namely, that you cannot divorce national defence from external affairs. The two matters are closely bound together. Our defences today go all over this world, and the external policies of the government can either buttress or upset the defence plans of the country. I think the truth of that statement is clearly indicated by the MacArthur incident in the United States. Unless those who administer external affairs and those who plan defence inside and out of this country are close together and much in agreement about what is to be done at a given time, one group can upset the other.

There is one thing that I should like to emphasize in this debate, in which members are rather restricted because of lack of information. As I see it, the thing that has not been emphasized by the government or by anyone else—and definitely not by the press—is the question whether we are justified in spending $5 billion over the next three years in preparing the defences of this country. Anyone who gets out around in the country and talks about this matter of defence—the huge expenditures, and the inflation that we are experiencing at this time—will find that the people in the country have little knowledge of it. One opinion is that it is just another way of keeping out of a depression; that if it was not for the defence spending at this time we would be in a depression; that it is only an alibi. Not many people in this country are convinced that there is any danger or that there is any necessity for spending that large amount of money on defence. One thing that I think the government should do, and should continue to do, is to keep before the people the dangerous aspects of the present international situation.

For the purpose of pointing up that suggestion, I should like to give a few figures that were put on the record of the House of Commons in Britain in February of this year. What are we up against? What has our potential enemy? What are his possibilities of overrunning the territory facing him? What are his chances ultimately?—because ultimately the goal is this continent. If the situation develops as it is developing, then the final battles of this present era will be fought out on this continent. What is the strength of the people against whom we are today aiming to protect ourselves by arming?

According to Prime Minister Attlee, speaking recently in the House of Commons in Britain, the military strength of the Soviet union is as follows: He stated that Russia had an army of 2,500,000 men, or 176 divisions. These divisions were dispersed in the following manner: Eastern Germany, 22; Austria, 2; Hungary, 4; Poland, 5; Roumania, 3; western Russia, 49; central Russian front, 20; the Caucasus, 21; central Asia, 19; the Far East, 31, including 4 divisions in Manchuria. There were an additional 600,000 men in the MVD and another 600,000 men in the air force. While there are no figures for the navy, it is known that that country has one of the largest submarine fleets in the world.

That is merely the strength of the Soviet union as such. That is not saying anything about the satellites she has around her. You will notice that the Soviet armed might is dispersed in strategic spots from which she can step off in any direction at any time, with terrific force. In my opinion those figures alone are something that should be pounded into the minds of the Canadian people generally, and of the members of the House of Commons particularly. I do not expect the Minister of National Defence or his officials to be propaganda agents trying to put that kind of thing over. I think that every member of parliament has a responsibility, regardless of where he sits; and if he is trying to build up the idea, as many are, that there is no hurry about this matter of arming, he is making a mistake. The hon. member for Parkdale did that a moment ago. He said: We will just take our time; we will do it for three years. This fellow, our potential enemy, is ready; let us not make any mistake about that. Our enemies have a timetable. They know exactly what they are going to do this month, next month and next year; and when they figure that the time is ripe for them to step off, they will do it. As the Minister of National Defence said in his statement on his estimates, we do not know whether we have three years; we do not know whether we have

a week. That is absolutely correct. But the other fellow has a timetable. He is working on it every day.

We often hear it said that there is no war. That is another statement that is made quite loosely. In 1914 a man was shot and a war was started all over the world. Today men are being shot all over the world. There are four or five wars going on in Asia at the present time. There is a major war going on in Korea. In Germany there are armies facing each other with all the weapons of destruction that are known; a fire could be lit here at any moment. There is a war on all over the world. Let us not make any mistake about it; the communist party have a timetable and they are working on that timetable week by week. They are marching on, taking over where they can without bloodshed, as they have done in Czechoslovakia and in many other countries, and they are fighting it out where they have to, as they are doing today in Korea. We talk about there being no war. No; there is no shooting at the present time in Canada, but all the moves that are being made today in places such as Tibet, Indo-China, Korea and other countries are merely strategic moves that are bringing them closer and closer to the time when they may be able to step in and hit this continent. That is the ultimate goal; do not make any mistake about it.

That answers the question whether these defence expenditures are necessary or not. They are necessary. We should be driving every day and every hour of the day in preparing the people of this country psychologically to realize that they have something to fight against, and that is an invasion of this continent; because our final preparations are for the defence of this continent. I should like to leave that thought with the minister and with the members of the house.

There was a time when I thought we might avoid an over-all conflict, but since the United Nations declared China an aggressor I have not that hope any longer. When you declare a country an aggressor and start to fight a war with it, then you have to continue until one side or the other is defeated. Fighting a war presupposes that somebody is going to win and somebody is going to lose. There is no such thing as stopping in the middle. We must understand that and make our preparations accordingly.

Another thing I should like to emphasize to the minister is that we should not have any timetable as to when we are going to start this or when we are going to stop it. The defence program upon which we are embarking is in my opinion a long-term program. I can see the defences we are building today continuing, and the men we are putting into uniform today being in uniform perhaps for the next fifteen or twenty years. It is a long-term program; and when we are thinking in terms of raising a brigade and that brigade going to Europe and another brigade going to Korea, we may be just picking up enough replacements for casualties. I do not think it is a realistic approach to the thing at all. The government has to start thinking in terms of equality of sacrifice in the business of defending this continent, and that is what we are preparing for at the present time.

I believe the minister's department or the government should consider a survey of our manpower and of our resources. That is one of the main requirements in preparation for defence. You may call it national registration, you may call it what you wish, but a survey of our resources and our manpower is necessary. The government is also going to have to start thinking in terms of this question: are we going to put a certain small percentage of our people in uniform and keep them there for the next ten or fifteen years at the pay they receive and at the inconvenience of being separated from their families and all that will entail, and are we going to leave everybody else back in Canada who is not in the services to go along with business as usual, making money for himself? If we are to embark on the kind of program that we feel is necessary, then everybody in this country should understand it, and there should be equality of sacrifice. Everybody should be obliged to pull his weight. That is another matter on which the government has not done very much thinking. It is about time we started to do some very serious thinking on this point.

When we talk about this business of democracy, our attitude to the people in the countries into which we have gone to liberate them requires considerable overhauling. For example, our record in Europe, in Germany and in Holland after the liberation was not good. According to reports, we were not the democratic gentlemen that we should have been. A lot was wrong with our attitude toward the people. Reference was made last evening by the hon. member for Rosetown-Biggar to an article that appeared in the Ottawa *Citizen* a few days ago in the form of questions and answers which left much to be desired. The attitude indicated there was: Well, you came in to liberate us, but instead of liberating us you exterminated us. The people of South Korea have been walked over and run over five or six times in the last year. Our attitude toward the people in selling democracy to them has left much to be desired. It is not very good. We must be

careful, in using democracy as a slogan, that we do not get back something which we have been fighting against for the last ten years.

Take a look at the elections which took place in Germany just a few days ago. Along with the United States and Britain we have been in western Germany selling democracy to them. The recent elections in that part of Germany showed that the nazi party is coming back very strongly in western Germany. On the other side, in eastern Germany you have the totalitarian set-up that is indoctrinating all the people in that part of the country; but on our side, where we should have been selling democracy and exemplifying it to them and building a democratic country, all we have succeeded in doing is to bring back the nazi party. In that election the three different nazi parties were able to capture at least twenty per cent of the votes. Political observers consider that a pretty bad development.

You pick up a press report and you find that under the guise of fighting communism and maintaining democracy, dictatorial powers are assumed to combat reds in Panama. The president throws over the democratic government and assumes dictatorial authority. He has a little revolution on his hands there today. We cannot sell democracy, in these countries that have never had it, by the use of semi-dictatorial powers and by pushing people around.

Another thing we have to be careful about—and apparently we are not sending the right kind of people into these areas to sell democracy—is this. Great emphasis has been laid on the question of economic aid. That is important, but it does not solve the whole problem. It seems to have been assumed that if we can build up these backward countries, give them plenty to eat, raise their standards and all that kind of thing, they will be our friends and will go along with us. A very good example is Korea itself, because that country was given a lot of aid during the time it was under the United Nations commission. The sum of $98,775,000 worth of economic aid was given to these people. One-third of it went for fertilizer to help them grow more food. Fourteen million dollars went for raw cotton; $7 million for coal, and other millions for wheat, flour and so forth. Yet, in the face of that huge expenditure, that huge gift in the way of economic aid, whenever the North Koreans were well fed and well armed they did not consider for a moment which side they were on. They attacked South Korea. They lighted the fire that is raging there at the present time.

While I am in favour of helping to feed these people in backward countries under the Colombo plan, I think that assistance should be properly supervised and distributed. We must not forget that billions of dollars worth of economic aid was given to China, and we are now being repaid for that. We should be careful not to make the mistake we did in building up China, in arming her, so that she could come back and fight us when it suited her. We should have that aid in the hands of our friends, not in the hands of our enemies. I want to emphasize that point most strongly.

Let us not forget for a moment that today we are facing guns. Unless we can get as many guns handled by people who are just as efficient with them, we are not going to come out of this with a whole skin. We did not start this business. Canada and the United States have always been peaceful nations. As Mr. Mackenzie King said at the outbreak of the last war, he was reluctant to declare war and send young Canadians to Europe every generation to rescue countries who apparently were not able to look after themselves. That was a realistic statement to make. That war was forced on us, and what we are up against today was forced on us. I do not think the people of this continent want to fight. But if a war is forced on us, we should fight with everything we have. There should be no quibbling about it. If we are to get in there to the full, then let us get in to the full.

I do not want anyone to assume that I am objecting to anything this government is doing by way of economic aid. But I contend that it should be organized, supervised and distributed in such a way as to bring returns to this country. It should not be placed in the hands of people who will use it to build up machinery in an attempt to bring about our ultimate destruction.

One thing we should watch very closely is the device being used by Soviet Russia—they know quite well how to use it—of splitting the allies who indicate a willingness to fight her. If hon. members have been following press reports for the last few weeks they will know that that device has been used quite successfully. In my opinion the MacArthur incident was a great victory for the communists. When they could get Truman and MacArthur in a public battle on vital issues in Korea, when they could cause such turmoil within the United States, they achieved a great victory. In my opinion they probably had a lot to do in bringing that about.

Many divisions have crept into the United Nations in connection with the Japanese

treaty. The North Atlantic pact countries do not see eye to eye on this, nor do they see eye to eye on an arms embargo against China. Ever since the supposed end of the last war the communists have used the United Nations as a sounding board and as a means of dividing the allies. That war was never really ended; the shooting has never stopped.

I think the officials of the Department of External Affairs are levelheaded, and they should assume leadership in the United Nations and step in whenever they see these divisions cropping up. They are No. 1 on Mr. Stalin's list. He wants to divide the allies and take them one by one. That was Hitler's technique, and the technique used today by Stalin is no different. Hitler's theme in the last war was never to fight again on two fronts, but the aim of the communists today is to divide the allies and get them fighting on as many fronts as possible. Stalin has sat back and has used none of his own men. He is using the satellites all over the world to start little wars here and there in the hope that he can get one going that will be big enough to involve the United States and Canada in particular and deplete the economies of these countries. If he can do that, there is nothing left to fight for. The Department of External Affairs can make a contribution by preventing differences between the North Atlantic pact countries.

I think the limiting factor in this country in connection with our defence program is the idea that we should have business as usual. No one thinks that he has to make any sacrifices. Everyone feels that he is going to have the same supplies of civilian goods, and that he is going to get more money for them. Everyone feels that we are going to equip and build new plants for the purpose of turning out peacetime goods. That is the limiting factor. No one is pushing the program.

I was glad to hear the hon. member for Rosetown-Biggar indicate yesterday that the Ford Motor company had been refused a permit to establish an auto parts plant in Windsor, a project which has been under consideration for at least a year. I was glad to hear that the Department of Defence Production had refused this permit, because it would take such an enormous amount of steel. I know that at the other end of the scale a very small building requiring a small amount of steel was treated in the same way just a week or two ago. No building requiring steel is given a permit by the department. The priorities branch of the Department of Defence Production is limiting the construction of anything that will take steel from essential defence requirements.

I was glad this permit was refused. This particular controversy indicates that the Ford Motor company are not co-operating very much when they want to start this peacetime project rather than tool up for vehicles and machines of war which are needed at this time. The argument is that they have no contracts, but at least a year ago I heard that they had contracts for many things which they should have been tooled up for at this time.

The supply of machine tools may be a big problem in this country. I have in my hand a report published in one of our local papers indicating a labour shortage in the machine tool industry. Machine tools are the very basis of our defence production program. If you are going to swing over twenty-five per cent of peacetime industry to a war economy, one of the first things you have to have is machine tools. Without machine tools you cannot tool up for the new production. It is an industrialist who is being reported in this news item, and he points out that there is a terrific labour shortage in the machine tool industry. You cannot develop a toolmaker overnight. He must serve an apprenticeship of nine years, even longer than a medical doctor. We should have had an apprenticeship program going for some considerable time.

While it is all right to find fault about the fact that there is no plane production, no tank production, or no production of this and that, the fact is that we should have a manpower and resources survey to pinpoint exactly what we are short of and what we should be giving priority to. That is one of the main requirements of an effective defence program. Unless that is done you are working in the dark. All of your planning is haphazard because you do not know what you are doing, and it is not going to be done from the ivory towers in Ottawa. You have got to get somebody else outside working with you. As I suggested to the Minister of Labour on his estimates, one of the things he should have is industrial councils covering the auto workers, mine workers and steel workers, the men who work in these plants and who can tell you what to do. They are the only people who can tell you.

Mr. Sale, the head of the Ford Motor Company of Canada, is a member of the manpower committee, but he did not tell you very much except that from the standpoint of his own organization he wanted to build a big

peacetime plant in the face of defence production shortages in steel. If we had had industrial councils covering our industries the machine tool makers could have told us a year ago when we were talking defence that unless we did something about the developing shortage in that particular trade there would not be very much that we could do about defence, but we did not have anyone to tell us about that. The Department of National Defence should get together with the Department of Labour and form industrial councils. I am not objecting to what you have now. They are all right. Let them stay there, but augment them by men direct from the plants and shops who do the actual work and know what work has to be done.

I should like to say a word or two about standardization of arms, something which I think is very important. Other members have mentioned the matter but nobody stated very definitely whether they favoured standardization on the United States pattern or on the British pattern. As I heard it, the suggestion was that we should stick with the United States pattern where we are fighting with the Americans, and that our brigade to Europe perhaps should follow the British pattern. I am no expert on the matter, but I have read something about it. I have read what was said in this house in the years before the last war. The argument always has been that we should standardize on the United States pattern. Many years before the last war this matter came up in the House of Commons and very good arguments were made for following that course, but I think that today the reasons are much stronger why Canada should standardize on the United States pattern.

Mr. Wright: Why not one pattern for all?

Mr. Gillis: I would say that if the North Atlantic pact countries mean business, if they are going to stick together, if it is going to be a case of when one is at war the others are at war, then no matter where these countries are engaged they will be fighting together, and there should be the one standard of equipment for all the North Atlantic pact countries. Of course the commercial aspect enters into the picture, and every country will want to do the manufacturing. That could be farmed out. No priority should be given any one country. Every country should manufacture an equal share, but there should be complete standardization for the North Atlantic pact countries.

Mr. Blackmore: Would my hon. friend permit a question?

Mr. Gillis: Yes.

Mr. Blackmore: I am greatly interested in his remarks. Suppose it were decided to standardize arms for the North Atlantic pact countries. That would include Great Britain. Would my hon. friend go so far as to suggest that it would be better to have Great Britain accept the United States standard of arms? I am particularly interested in the discussion.

Mr. Gillis: I am not saying whether Great Britain should accept United States standards or whether the United States should accept British standards. I think there is some equipment that perhaps can be turned out more economically and better in Great Britain, and there is perhaps other equipment that the United States can turn out better. These details are things that would have to be worked out. I am merely talking about the principle. If these countries are going to hang together then I think there should be one standard. No matter where they are their equipment should be interchangeable.

Mr. Blackmore: Would my hon. friend permit another interpolation?

Mr. Gillis: Yes.

Mr. Blackmore: The reason I asked the question was that I gathered from what the hon. member said that he felt there was a controversy between the ideas of those who believe that the British standard should be the one adopted and those who believe that the United States standard should be the one adopted. I saw there was a difficulty there that my hon. friend probably would like to explain away.

Mr. Gillis: There is a controversy right now. For example, the proposal was made that a uniform rifle should be adopted. There is an argument now between Great Britain and the United States on that point. Great Britain thinks that a Belgian rifle offered at the present time is a better rifle. They think it is lighter and easier to handle and, so far as I know at the present time, Great Britain is going to adopt the Belgian rifle and equip her forces with it. On the other hand the Americans say that they are going to stick to their own rifle. It is heavier, and it is an automatic rifle. They claim it is better and therefore they are going to stick to it. There is a controversy at the present time. I am raising this matter now because of that controversy.

As the hon. member for Melfort suggested, there should be one standard for the North Atlantic pact countries; that is the ideal thing. But on the other hand if war develops and there is going to be any standardization so far as Canada is concerned it should be

on the United States pattern. If those we expect to fight succeeded in their objective of invading this continent, and we were standardized on the British pattern of equipment, one of the first places to be isolated and cut off from us in the event of invasion of this continent would be Great Britain. Americans and Canadians would be fighting all over the continent and we would be stuck with the British pattern, a pattern that was not interchangeable with that of the United States. If we are going to accept any pattern I think it should be the United States standard. I mention this matter because it requires some thought by the Department of National Defence.

I have noticed that at the present time the department is sending out of the country considerable equipment—and rightly so—to Belgium and other countries. That presupposes that we are going to develop new patterns and equipment for ourselves. The matter of standardization has been brought up twice but no one made very emphatic recommendations on the subject. My own opinion is that if any standardization for defence purposes is going to be considered by the Canadian government, our best bet is to stick with our neighbours in the United States. I think that I am pretty well to the end of my time, Mr. Chairman.

Mr. Blackmore: I have interrupted you.

Mr. Gillis: I should like to say one other thing to the minister before I sit down. In his speech he made reference to the fact that recruiting would be carried on right across the country. He said that he was basing his recruiting centres on the reserve army, and that the new brigade was to be raised through the reserve forces. I agree with that. However, he also told us the centres where training is going to take place, and in looking over them I find that the minister has very carefully excluded any training centres in the maritime provinces. So far as eastern Canada is concerned the training is to be done—

Mr. Claxton: There is all the training for the navy and two big training centres for the air force.

Mr. Gillis: Well, I listened to the minister's speech, and I have a clipping here dated May 4 with the heading "No brigade training for camps in maritimes." From this I gather that all the men from eastern Canada will be trained at Valcartier. I would ask the minister not to let his department get into the same frame of mind the government appears to be in, with respect to the centralization of his forces in this part of Canada. That is the economic development.

[Mr. Gillis.]

Mr. Claxton: Proportionately we have more forces in Nova Scotia and spend more money there than in any other part of Canada, I think.

Mr. Gillis: Since when?

Mr. Claxton: In the defence department in 1950-51.

Mr. Gillis: Well, you built a number of good camps down there during the last war, but you destroyed them when the war was over; they were obliterated.

Mr. Claxton: More than half the total operations of the navy are centred in Halifax.

Mr. Gillis: I am talking about the army now; I do not know what you are doing in the navy. I have been up and down that province quite a bit in the last three years, and I have not seen any naval men there at all. There may be a few hidden away in Halifax, but they are pretty carefully kept out of the way. You know, navy boys get around when they are ashore. I am talking about your training camps. Valcartier is quite a good camp. I spent a considerable time there, camping in the sand, some years ago, and it is not a bad spot. At the same time I suggest to the minister that he should still consider Debert, which was one of the best camps in Canada for the training of troops that were to go overseas. I believe he should give that matter further consideration.

Now I am going to offer a few recommendations which I think would stimulate recruiting. Today I do not think very much is offered the average man to make him leave his employment, uproot himself, and leave the country for an indefinite period with the armed services. A moment ago I said what I thought of the minister's policy of using the reserve force as the basis for the organization of this new brigade. I also want to tell him that one of the greatest stumbling blocks in the way of building up the reserve force is the fact that the money these men are paid is taxed. You do not have to leave this city to find that out; you can get that information from any of the boys in the reserve army here. I understand the amount paid members of the reserve army is to be stepped up a little. A recruit comes in and says, "We get paid so much per drill. Is that money taxed?" He is told that it is taxed, so he says, "O.K., I am not coming in." That man has a job; he is in a certain income tax bracket. If he joins the reserve army he will be paid $20 or $25 a month, which must be added to his income. That puts him in another income tax bracket. At the end of the year, instead of the reserve army paying him something,

he pays Mr. Abbott something. He really loses in the transaction; he has drilled for nothing, because the money is taken back in income tax. I think the Minister of National Defence, who has the responsibility of raising this force—and a very serious responsibility it is—should say to the Minister of Finance that the little bit of money he is getting out of this by way of tax should be forgotten; that in order to stimulate recruiting he should announce that the money paid the men who drill in the evenings, and who will form the basis of the next army, will be tax free. Then I think you will get a lot of them to go in who will not go in otherwise. It seems to me that a government so mercenary and parsimonious that it will not relinquish the little bit of money it gets by taxing the pay of the reserve army deserves very little consideration when it appeals to men to take the training necessary to form the basis of the next army, the very men who would be necessary to defend this continent if and when the over-all thing develops that we all expect.

I suggest to the minister very seriously that if he hopes to get recruits his department should not just sit back and say, "Well, we have done it before; we can do it again." Unless some serious thinking is done, unless there are more practical advances in the next two years than we have seen in the last two years, I suggest to the Canadian people that they had better join the moral rearmament group and start to pray for guidance. Very little has been done except talk and put schemes on paper. What I have recommended would be one practical step. It would recognize the fact that it is unfair to expect a man to join the reserve army and drill, and for that privilege and pleasure pay the income tax department at the end of the year.

Then there is this matter of the attestation form, which was mentioned yesterday by the hon. member for Rosetown-Biggar. There is not a uniform attestation form today. That form is a pretty important thing to a man going into the service, because it lays the basis for a lot of things that can happen to him after he comes out, such as pension rights, whether he has any disabilities that are considered hereditary, and all that kind of thing. Most of the boys joining up today either were in before or know something about the importance of that form. Surely that would not be a difficult thing to remedy. I imagine it would not be hard to get a uniform form ready and ship it out to the centres where recruiting is carried on. This may not sound very important, but anyone who has been in the service, or anyone who has fought pension cases, knows the importance of an attestation form. It pretty well forms the basis for everything that happens when you go before a board, unless your disability consists of a big hole that has been shot into you, or something like that. Generally they pull a statement from the form that the boy's grandfather had mumps or his grandmother had housemaid's knee, and when considering any kind of disability they say it resulted from the mumps or the housemaid's knee. I believe we should have an attestation form that would eliminate that sort of thing. A man is either fit when he goes into the service or he is not fit; and we still have a great deal of trouble at the present time from that sort of thing in connection with the last two wars.

I want to bring another point to the minister's attention, and I feel perhaps stronger on this one than on any of the others. Many of the young men in the service today, including many in Korea, are boys who left a home with a father, a mother and a dependent family. That boy was the only source of income, but there is no dependents' allowance in his case. If he has a wife he gets an allowance for her, though it is not too big. He gets an allowance for his children, if any. Most of the boys who went in the special force, however, were single. Let us not forget that many young men in this country today are maintaining families. They do not marry for that reason; they have families on their hands already. I know several who left mothers and fathers and younger children at home and joined that special force, and are now in Korea. In the first war and the second war there was a dependents' allowance available if there was an assignment of pay; today there is nothing but the assigned pay. There is no dependents' allowance board, as such. Those matters are handled through the national defence department, though handling dependents' allowance is a job by itself. You do not want it done by a brigadier or a colonel or a general, who may know all about the military angles of everything. You want someone who has some humanity about him, who understands the social problems that can be created by taking the breadwinner away from the family.

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

Mr. Gillis: Yes.

Mr. Blackmore: Would the member care to state whether or not the same thing applies to the boys who would be enlisting in the army today, whether or not they would be going to Korea?

Mr. Gillis: Yes, the same thing applies to the brigade that would be going to Europe.

Mr. Blackmore: That is a mighty serious matter.

Mr. Gillis: I would say to the minister that if you are going to raise an army by voluntary means, you are only going to get the boys of this country to put on a uniform who have some patriotism in their hearts and who recognize the fact that this country is worth fighting for. If these boys leave dependents behind and go out to do that kind of job, I do not think it is asking too much of the fellow who stays at home in order to make more money, and who has the comforts of a home, to pay a little tax to look after the family the chap leaves behind. If the man who volunteers is willing to offer his life, as he is doing in Korea today, I think his father, mother, dependent brothers and sisters are entitled to some subsistence allowance from the government. The precedent is there, because we did it in both of the last wars. We even had auxiliary dependents allowance boards and committees across the country with power to make grants in addition to the basic allowance given by the government. I am telling the minister that that is a very strong point when you go out to sell voluntary enlistment to the young men of this country, as you are doing today. Their fathers have gone through a war, and we are asking these boys, twice in one lifetime, to volunteer. This time it is necessary. It is our war this time. If we do not go out and meet it somewhere else, it is going to meet us here. We have to get away from this philosophy of "business as usual, and I am not going to make any sacrifice because a supernatural something is going to inspire the people of this country to do the job themselves". That is not going to happen.

We have to show the young man who leaves this country that we are interested to the extent of granting an allowance that will replace, to some extent at least, the obligation he accepted before he decided he had a greater obligation in the service of his country. I strongly urge the Minister of National Defence to consider those three points. There should be a manpower survey, and a resources survey conducted as soon as possible. I believe that is the basis for our whole defence set-up. As long as you are getting recruits on a voluntary basis, at least you should not make the reserve army pay taxes. Then we should follow that up by granting a dependents allowance where young men were maintaining homes before going into the service. I know that most of these boys fully expected there would be an allowance. Perhaps some of them would not have volunteered if they had known otherwise. I have had letters from them, and I have made representations to the deputy minister. The deputy minister informs me there is no regulation covering the situation, and there is no dependents allowance board. If we are going to get a defence program going which will take us over the next ten or fifteen years, then we had better commence setting up the mechanics necessary to administer it. We should do something to meet the requirements of those who are expected to leave this country to meet the enemy somewhere else and stop him before he gets here.

These points are not very difficult, but you have to do something about them. You cannot put them on paper and file them away in a desk. When the minister speaks in closing the debate I shall expect him to tell us that he has considered these three points, and to give us his assurance they are going to be taken care of immediately.

Mr. Hees: Mr. Chairman, I should like to deal with three aspects of the defence program. They are:

The raising of a larger reserve army,

Making that reserve army more effective, and

The pay for the active forces.

First of all, I should like to deal with the raising of a larger reserve army. I believe all members will agree that if we are to raise an active force quickly, we must rely on a large and well-trained reserve. For the past five years, Mr. Chairman, I have been a staff officer in the reserve army. From my observations, I would say that the great majority of reserve units would not, on an average, parade more than twenty-five per cent of their authorized strength, and a large part of the numbers on parade are made up by the band.

Why is it that our reserve army is so small today, during a period which is vitally critical, and which adds up to undeclared war? Why is it, we must ask ourselves, do our young men not volunteer in larger numbers than they have for both our active and reserve forces? I have come to the conclusion that it is simply because they have not been told by this government that today the situation is critical. In fact, the government has attempted to lull the people into a false sense of security.

An outstanding example of that, I believe, is the statement which was made by the Prime Minister last December 12, and which was recorded by the Canadian Press all

across this country. I intend to put it on the record, so there can be no doubt about it. This statement appeared in the Ottawa *Citizen* of December 13. The headline reads: "P.M. Optimistic General War Will Not Come at This Time." That is a big three-column heading on the article, and it reads:

A reporter asked Mr. St. Laurent if he was satisfied with Canada's defence progress.

He smiled and said:

"I think the progress is satisfactory."

Then he added:

"I am just as optimistic as Lloyd's." He noted that the London insurance firm had quoted odds of 50-1 against a general war breaking out. He concluded:

"I am just as optimistic as they are."

Now, Mr. Chairman, this statement was interpreted by people right across this country as meaning that the Prime Minister was saying he believed the chances were 50 to 1 against our becoming involved in a general war. I know that the Prime Minister has denied any intention of conveying that impression. However, as so often happens in these cases, the original statement gets the headlines, and the denial makes no news at all. That was the case in this instance. The result is that people only remember the Prime Minister's original statement, and it remains very clearly in their minds today.

I have talked to a great number of young men about joining the active or reserve forces. Time and again I have heard them say, "How can you expect me to take the situation very seriously if the man who is supposed to know most about the situation tells me there is only one chance in 50 I shall be needed?"

What is needed immediately is a statement by the Prime Minister which will outline, without the shadow of a doubt, the gravity of the situation today, and which will issue a clear-cut call to duty that the young men of this country can understand. Then, and only then, shall we begin to get some worth-while results from the hundreds of thousands of dollars we are spending every month in advertising designed to get young men to enlist in both the active and reserve forces.

What I believe we want to hear a great deal more of from this government is the kind of statement which was made by the Minister of National Health and Welfare yesterday morning while he was addressing a meeting of civil defence workers. I should like to quote what he said, as it was reported in the Ottawa *Journal* of last evening. The heading is "Whip up Fury against Soviet Threat" and the report reads as follows:

Civil defence minister Paul Martin, in a sizzling preparedness speech this morning, lashed out at what he termed Canada's "over-defence-mindedness" and urged a campaign to "whip up fighting fury" against the Soviet threat.

"You can't win wars by hiding behind trees," Mr. Martin told a group of civil defence instructors at the opening of a training course at Connaught ranges.

"Defence alone never results in victory," Mr. Martin added.

The minister—who was accompanied by civil defence co-ordinator Major General F. F. Worthington—made it plain the prospect of atomic fire raining down on key Canadian target centres was no idle dream.

"Now, if ever, we must take this thing seriously. God knows what the situation will be within a year."

I believe it is regrettable that we have had to wait for so long for a statement containing some realization of the gravity of the situation today, and that that statement would have to come from the Minister of National Health and Welfare, instead of from the Prime Minister and the Minister of National Defence, from whom it should have come many months ago. Perhaps, Mr. Chairman, it indicates that there is an imminent cabinet shake-up in the offing, in which the present Minister of National Health and Welfare is going to follow in the steps of the former minister of national health and welfare. But whether that is the case or not, the present Minister of National Health and Welfare has certainly well earned the nickname of "the Windsor Warrior" which is being bandied about the parliamentary lobbies and corridors today.

The second matter with which I should like to deal is the making of our reserve forces more effective. I believe that if our reserve units are going to become effective fighting formations, capable of taking their part in the defence of this country if needed, they must train as complete units each year for a minimum of two weeks at a summer camp. In order to make this possible, it will be necessary to pass legislation requiring employers to grant to employees who are in the reserve forces a two-week leave of absence during the period of the camp each summer, without jeopardizing the employee's job or seniority. This was found to be perfectly feasible during the last war, and the results were highly satisfactory. I believe it is the only way that units can become effective, so that they can take their place in the defence of this country, if that eventuality should ever arise.

The third point with which I should like to deal is pay for the active force. I should like to deal with it under two separate divisions: first, the freeing from income tax of the pay of those who serve outside of this country; and second, the paying of danger pay to those who serve in the front line.

First, as to the question of freeing from income tax the pay of soldiers who serve overseas, may I say this. The Minister of Finance, during the debate, when this question arose, stated that he believed that no group of earners within this country should be exempt from income tax. I think we will all agree that that is perfectly satisfactory in so far as it affects those of us who live and work in the comfort and security of this country; but it is quite another matter when you are dealing with those who risk their lives every hour on some foreign battlefield, to fight our battles for us. I believe that these men should be allowed to retain intact what they earn while fighting our battles overseas. I believe it is the least we can do in repayment to those gallant men, for their magnificent efforts on our behalf.

The second matter is the payment of danger pay to those who serve in the front lines. During the last war members of air crew in the air force were paid flying pay; and it was quite right that they should be so rewarded because of the danger which their job involved. The paratroopers were paid jump pay, and I believe that was quite justified because of the danger involved. Also, those who served on small ships in the navy were paid hard-lying pay, because of the discomfort involved in serving in those small ships.

I do not think that anybody undergoes any more danger—in fact, I do not think that anybody undergoes as much constantly —or that he undergoes as much discomfort over a long period, as do forward troops who are in slit trenches, under almost constant bombardment, as is the case in the forward areas.

During the last war, in the army, you could receive trades pay if you were a motor mechanic, a driver mechanic, an artificer or an orderly room clerk, or if you were skilled in any one of several trades, most of which were performed in the rear areas. But there has never been any trades pay for proficiency in the most important job of all, namely, killing the enemy, without which we cannot win battles. That job involves by far the greatest chance of getting killed or maimed, and it involves living in what are, in many cases, almost unendurable conditions.

I therefore strongly urge on the minister that he and his department seriously consider the question of paying danger pay to those who serve within a reasonable distance of the front line, and in this way properly reward those upon whose courage and skill we must rely for the winning of our campaigns.

[Mr. Hees.]

In conclusion, I should like to say to the minister that the suggestions I have offered arise out of a certain amount of experience in these matters, and that they are offered as an attempt to be constructive. I sincerely hope that they will be considered in that light by the minister, and that he will comment on them when he sums up at the end of this debate.

Mr. Decore: Mr. Chairman, I intend to be brief. I should like to draw to the attention of the minister the importance of finding a place in the defence of this country for those resident in Canada who have not yet been able to become Canadian citizens or British subjects. My information is that, to date, there are to be found in this country some 40,000 men who are between the ages of 20 and 40 years, and who are not yet British subjects. Nearly all those people are newcomers who have arrived here in this country since 1945. Many of them came from d.p. camps. The majority of them belong to the following ethnic groups: Polish, Dutch, Ukrainian, Italian, Hebrew, Lithuanian, French, Czechoslovakian, Belgian and others. I also understand that some have come in from the United States who have not become Canadian citizens. My information is that it is not the policy of the Department of National Defence to admit into the Canadian armed forces, both active and reserve, any person who is not a British subject. I should like to point out some of the reasons why I think these men should be permitted at least to train in the reserve army. To begin with, many of these men have important qualifications which should be considered. Many of them came from countries which in the last war were right in the midst of fighting. Many of them are acquainted with life under war conditions. Many of them served with various armed services, and are therefore familiar with military technique. Some of them had a very wide experience and have held high positions in the army. Admitting these men now into our reserves would, I think, do two thing from the military point of view. It would first of all give them a degree of military training, and those with battle experience would become acquainted with the Canadian military technique; and, second, in the event of war it would prepare them for their task before they are needed, thereby saving precious time.

In addition to the military advantages, perhaps the greatest advantage to Canada would be in the realm of Canadian citizenship. I have met many of these newcomers, and they are anxious and willing to serve this country. In reserve services a newcomer would be a member of a purely Canadian organization. He would intermingle with

Canadians and become better acquainted with our way of life. I think it would be the best school for him in Canadian citizenship. The newcomer would feel that he is not merely getting certain advantages in this country, but that in addition to other services he is prepared to offer something more to this country,—he is prepared to defend it.

There are certain arguments that I have heard people use against the admission of these non-citizens. One argument is that serving in the armed forces is a prerogative of a citizen and should not be extended to others. The other argument against admission is for security reasons. Dealing with the first objection, my point is that the admission of non-citizens is not urged as a matter of course, but in the light of the present grave international situation I think it is essential that Canada use all the possible means at her disposal to prepare for defence. May I point out at this time that in the United States male non-citizens are required to register for service between the ages of 18 and 26 under the compulsory service act of 1948. But at the same time I am informed that United States military intelligence is actually encouraging United States residents with only the "first papers", which is equivalent to our declaration of intention, to enlist for special duties with the army.

Dealing with the other objection, namely, the question of security, those who use this argument seem to disregard the fact that newcomers have already been screened before they were allowed to enter Canada. We must not forget that most of these people are political refugees; that they are therefore the greatest opponents of Russian communism that we can find in this country. Many of them have been victims of Russian brutality, and have actually witnessed the workings of Russian communism in its worst form.

May I add further that if they were allowed to join the reserve army they would undergo further screening before they were admitted. Other important qualifications of these newcomers are that they are specialists to this extent, that they have a knowledge of a language which is other than English or French; that they are acquainted with the geography and the way of life of some country other than Canada; that some of them have lived for many years in countries now behind the iron curtain, and they are well acquainted with the lands and with the people. I think that this type of people would indeed be an asset for our defence purposes.

I should like to point out that although the admission of the newcomers to the Canadian reserve forces may be accompanied by certain difficulties, yet I feel that the advantages to Canada would far outweigh the disadvantages, and for that reason I urge that the minister give this matter serious consideration.

(Translation):

Mr. Balcer: Mr. Chairman, we are asked today to concur in the adoption of the defence estimates which will not only add tremendously to our national budget but also endanger the economic future of our country. Every man, every woman, every family in the country will therefore be forced to shoulder a heavy burden of taxes for a period of at least three years.

Together with the rest of the house I deeply regret that it should be necessary to devote such enormous sums to our national defence preparedness when that money could be put to such advantageous use in promoting our economic development and the social progress of our country.

It may very well be necessary to buy radar equipment, fighter planes, guns, and so on, but who holds that such production is creative and productive!

One has but to consider the military operations taking place in Korea, Indo-China and the Malay peninsula, to realize the menace which hangs over our free world. All the free nations of the world must unite against such aggression.

It is now impossible to mistake isolation for national interest. Canada's obligations are those of a great sovereign nation. Without committing ourselves beyond our means, or without imitating the frog that wanted to be as big as an ox, we nevertheless have a responsibility in this search for world peace.

Unfortunately, I regret that the present government, which likes to take all the credit with regard to Canada's status as a sovereign nation, has not yet seen fit to give our country a truly Canadian flag as a symbol of such sovereignty. Canadian soldiers are being asked once more to fight abroad and shed their blood under a flag which is not theirs.

Besides, the problem of choosing a national anthem to honour Canada, both at home and abroad, has not yet been settled.

Obviously such a state of affairs is inconsistent with Canada's present status as a sovereign nation.

Furthermore, the selection of a flag and national anthem, both truly Canadian, would help considerably in this recruiting campaign which has been launched by the Department of National Defence.

I was pleased to learn yesterday from the minister himself the part now taken by the French-speaking Canadians in the Korean war and their representation in the Canadian army.

I also wish to congratulate the minister for his reply to the unfounded articles which have appeared in the *Contemporary Review* and in *Foreign Affairs*.

I agree with the minister that we should avoid and condemn anything that might create friction between the various racial groups of this country.

Like the minister who quoted these figures in order to reply to unfounded accusations and also to help the recruiting campaign which has just been launched, I would like to make a few remarks prompted by these same feelings.

Voluntary enlistment should supply the recruits needed by our armed forces. But if we want the recruiting campaign to be really successful in my province, we must see to it that in serving his country Jean-Baptiste is not given the impression of being a sort of mercenary.

And yet, if upon enlisting Jean-Baptiste gives our general staff a glance, he will most certainly be struck by the fact that the Department of National Defence does not go overboard, as far as generosity and national spirit are concerned, in the choice of superior officers.

Here is what he will find. At national defence headquarters in Ottawa: 2 lieutenant generals, both English-speaking; 7 major generals, all English-speaking; 33 brigadiers, of whom only 2 are French-speaking; 43 colonels of whom only 4 are French-speaking; 220 lieutenant colonels of whom 18 are French-speaking, and 560 majors of whom only 57 are French-speaking.

Turning to the different army services and looking over their staffs, one will notice that the representation is about the same.

Consider, for instance, the staff of the Royal Canadian Ordnance Corps, with headquarters in the French-Canadian city of Montreal; there, one finds 20 lieutenant colonels, of whom only 1 is a French-speaking Canadian, and 50 majors of whom only 4 speak French.

The same state of affairs applies to the headquarters of the different branches of the Canadian army. But when one considers the Quebec command headquarters, located in Montreal, it is even more surprising to find that the commanding general is an English-speaking Canadian, as is the chief of staff. The G.S.O. 1 and G.S.O. 1 (planning) are both English-speaking. If one examines the various services of the Quebec command, one finds exactly the same situation.

Let us now deal with the reserve army. Montreal has a population of about a million and a half, of whom 70 per cent are French-Canadians. Only four reserve regiments are actually French-Canadian regiments. There are nine English regiments where roughly 50 per cent of the soldiers are French-speaking Canadians; yet hardly 1 per cent of them are officers.

In so far as the Canadian navy is concerned, the situation is even more deplorable. There is not a single French-speaking officer above the rank of commander.

There is no excuse for this. Not only does it harm recruiting in the province of Quebec, but it shows how senior officers of this service are utterly devoid of the spirit of national unity.

Besides it is not surprising when it is remembered that, to instil a little Canadianism in the navy, near-mutinies and a strict investigation were required.

This situation should be improved as soon as possible, not only because of the present recruiting campaign, but also for the good of the services themselves.

Again, it is a situation like this which provokes articles like the one that the minister answered yesterday. Seeing so very few French-Canadians in senior positions, strangers cannot but draw conclusions such as those evidenced in these two articles.

I trust that the minister will make a note of those few remarks and that the situation will soon improve. In closing I wish to make a few suggestions. May I be permitted to request again, as was done several times in this house, that a military college be established in the province of Quebec in order to provide the necessary officers to ensure a fair representation within the general staffs of our different units.

I also wish the department would consider the advisability of creating French-Canadian naval units along the lines of the French-Canadian regiments in our army. During the last war, the R.C.A.F. established French-Canadian squadrons and everyone knows that this arrangement produced excellent results.

It is recognized that the establishment of such French-speaking units has a valuable effect on the new recruits, as our young men

obviously do not feel at home at the beginning of their military careers and it is easy to understand that they feel less at home when they are not surrounded by people who speak their language and who received the same kind of education.

Undoubtedly such units could not be established without difficulty, but experience has shown that the results secured are worthwhile. I hope that the hon. minister will be able to solve that problem.

(Text):

Mr. Thomas: Mr. Chairman, on a question of privilege, the five o'clock edition of the Ottawa *Journal* today contains an article from which I should like to quote in part as follows:

> Reference to the Martin speech, as reported in the *Journal*, also was made by O. L. Jones, C.C.F. member for Yale and by Ray Thomas, C.C.F. member for Wetaskiwin.

I want to express my appreciation of the write-up given to me by the *Journal*, but I do not like the added title of C.C.F. that I have been given. I am afraid they might go just a little bit further and refer to me as a Liberal.

Mr. Graydon: Mr. Chairman, I shall occupy only two or three minutes of the time of the committee, but coming from a constituency which is so keenly interested in the matter about which I desire to say a word, I want to rise at this time and take part in this general discussion with respect to national defence in order to place my own personal views upon the record.

Linked closely with our plans for national defence is an issue which because of its overriding urgency requires government action at once. I am fully aware that the minister and the cabinet have been considering their course of action very carefully relative to the vital St. Lawrence seaway development. Members like myself and others, including members of the government, have during the last few weeks stressed the urgency of immediate action on the treaty which is presently before congress for ratification. I want to stress it again while we are considering the nation's defence program.

Time is rapidly running out for planning the needs of power for the production of war materials, to say nothing of the strategic necessity for this new means of water transportation from the mines to the mills for the iron ore so urgently needed for defence purposes.

It now appears that the chances of a favourable congressional decision are becoming more remote. That means Canada is faced with a decision of her own. The premier of Ontario yesterday pointed out in clear terms the advisability of Canada doing the job herself. Construction of the seaway alone was not our original plan but the government has arrived at a point now where in my personal view a new all-Canadian development should be announced at once.

The Prime Minister in the house last week expressed confidence that Canada could handle the undertaking without help from south of the border and he will have heavy support for that view.

The risk in delaying commencement of the project as an all-Canadian one arises from several factors. One is that a favourable decision by congress might conceivably mean a long series of delays with respect to appropriations and the like which could well nullify the objective of urgency surrounding the work and put back the completion for an embarrassingly long time. Another is that many time-consuming procedures are required, such as an application before the international joint commission which should be started if the project on an all-Canadian basis is to be initiated in the early future. Time becomes therefore a vital element from a defence point of view. In my opinion the decks should be cleared for action. Otherwise the deep waterway may well get bogged down and lost in a maze of international negotiations and delays beyond description. We have waited many years for the treaty to be ratified and implemented. No one in the United States could reasonably expect us to wait longer in this atmosphere of acute and compelling urgency. In my own humble opinion we should go it alone.

I want to impress upon the minister now the great urgency and concern with which those in my part of Canada view this very important matter. I know that he, charged as he is with providing for the defence needs of this country, will realize that the situation has become alarmingly acute. I urge the government to make that declaration now, and to proceed on an all-Canadian St. Lawrence deep waterway scheme.

Mr. Claxton: Mr. Chairman, in the course of the debate a number of very helpful suggestions have been made, and I can assure members of the committee that all of them will receive the most serious consideration. I appreciate too the constructive attitude taken again by the official critic for the opposition, the hon. member for Nanaimo, and I take this opportunity to congratulate him on his reformation. For a long period of his life he has been a very gallant soldier in a branch of the services which we respect

as the queen of them all, the infantry, but recently I took advantage of a vacancy in the honorary colonelship of an artillery regiment to approve his appointment to it, so that now at last he is a gunner.

At the outset I do not want to say anything much by way of general remarks except that this time the discussion has followed extraordinarily closely those of the last four years in which there have been charges of no information and that we should have done something before. As to information, I have answered that, and so have some other hon. gentlemen. Certainly the complaint I have from persons outside the house is that far too much information is given for our own good. Certainly far more is given than in any other country I know of with the only possible exception of the United States. I wish hon. members would look at the debates on defence matters in the parliament at Westminster. They would see how restricted they are on questions of policy, they do not go into matters of detail. There is no reason why we should follow them, but I suggest that when we are criticized on that account on this side of the house it would be well to look at what the mother of parliaments considers desirable.

For example, this year the debates on the defence estimates took place on March 6, 1951, for air, March 8 for the army and March 12 for the navy. They occupied a total of twenty-three hours. So far as I know, that is all the time that will be spent on defence estimates by the British House of Commons. As we know, their select committee on estimates, which has a subcommittee on defence, deals only with matters of finance and the like. This year, in addition to the list of public announcements that I gave at the outset of my statement yesterday, we have had the white paper which was tabled in the house on Monday, and which gives much more comprehensively and in greater detail than ever before information about the work of our defence forces, about what has been done, what is planned and what the money is needed for. I think it should enable all hon. members to see the picture very well.

In addition, this is an occasion when hon. members can secure additional information, and during the last day and a half they have not been backward in asking for it. I will endeavour to answer every question.

There is only one other general comment with which I wish to deal. It was said that we should have done more in 1946, 1947, 1948 and 1949. Let me give an illustration. If we had preserved in the air force, for example, ten or eleven fighting squadrons at full strength, equipped with the aircraft they were using at the end of the war, we would now have an air force with personnel almost entirely over age for the job they had to do and out of date with respect to equipment. Instead we deliberately set about, starting with our wartime experience and war-trained officers, to build up the training establishment and depots, and also to develop aircraft which would enable us, as I believe they will, to be right among the leaders of the world as we would expect to be in that field.

The same thing applies to the other services. We have very good schools in practically every line of activity teaching officers and men to do the best kind of work. If we had not had those schools we would not have been able to train the Korean force or to keep on training our men at the rate we have. Notwithstanding the overhead required for administration, training, supply and transportation, I submit that we still have a lower overhead than other countries with which I am familiar with the single expection of countries behind the iron curtain.

Coming to the questions asked, the hon. member for Nanaimo remarked that the present method of recruiting was haphazard. He said we were taking on men whom we should not enlist, and he referred to the wastage which resulted in taking on the special force. Wastage in the army this year is by no means abnormal. During the first half of the year it was 4·3 per cent and in the second half 5·3 per cent. These figures may be compared with 3·4 and 4·2 for 1949; 6·1 and 5·1 for 1948; 10·2 and 2·2 for 1947; and for 1939, which in some ways perhaps was a comparable period from the point of view of defence preparedness, 10·9 and 9·9 per cent. There is no evidence whatever that we are taking on men who should be engaged in industry. In point of fact we are not taking on as great a proportion of tradesmen as we would like to have. This matter is thoroughly worked out with the Department of Labour and my colleague, the Minister of Defence Production. It is felt that the present system is working as well as anything we could devise.

With respect to quotas for the C.O.T.C., the hon. member suggested they might be higher. These quotas are worked out on a local basis through the commands in discussion with the universities. The universities have co-operated magnificently in these plans, which I think are unique in the world. They have asked for more members whenever they felt they could get men who were desirable. Quotas have not been a limiting factor and, as the hon. member will see from the figures given, whenever a quota is

reached it is increased. Quotas are fixed for purposes of planning, pay, allowances, supplies, equipment, and the supply of army and training staff. We can really congratulate ourselves that some thirty-two universities and colleges are co-operating most wholeheartedly in this plan. However, we hope to expand it, and to that end a conference is being arranged with the heads of the university contingents and the representatives of the services for the end of this month, which will be followed immediately by a conference jointly with the universities conference military committee, with which we work very well.

Then the hon. member asked whether we were getting full value from the service colleges, whether they were meeting our more urgent needs. Well, it is too early to say. The first class to have taken the full four-year course has just graduated, and we do not know yet how many are going into the active and reserve forces; but so far we have no reason to regret this development in tri-service officer training. It may be that it should be modified. It may be, for example, that the curriculum to cover in four years the equivalent of four years of arts and three years of engineering, with an additional 15 per cent on military subjects during the school year, is too heavy; but the combination of academic work during the seven school months and four months of practical work with the services has worked out very well.

The next question was whether we can afford to have such colleges which do not insist on the men continuing with the active force. We believe that so far it has been useful to have these men train in this way and then mix with the university men during the summer months. Some of them, of course, go on to the universities. They are all available. They are trained officers, qualified to take the rank of captain in the reserve force or lieutenant in the active force, and so far we have no reason to regret this very important development.

Then the hon. member regretted the failure to standardize, which was mentioned by half a dozen hon. members. I also exceedingly regret the failure to have more standardization. If there were any way in which one in Canada could force the United States to standardize with Britain or Britain to standardize with the United States, I would be glad to use all the persuasive force possible to bring that about. That is what we have been doing for five years in joint committees and joint activities, but it is an exceedingly difficult operation. For one thing both the United Kingdom and the United States have large stocks of equipment on hand. They have those stocks at a time when the world is short of military equipment. Nobody is going to dump any equipment into the sea; nobody is going to give it away to any country behind the iron curtain. So until we can gradually build up our stocks of military equipment there is no possibility of standardization to any great degree. But what is disappointing is that in the adoption of new weapons the United Kingdom and the United States have not seen eye to eye.

Faced with this, and remembering all the difficulties we had during the second world war, a good many months ago we decided to standardize our equipment—not right across the board but generally—with United States-type equipment. It so happened that we had the armament equipment for practically five divisions in mobilization stores, equipment of the latest type in use at the end of the second world war. We were probably unique in that respect. When the North Atlantic treaty organization was developed we saw at once that the one chance we would have to standardize with the United States would be by giving away this equipment of United Kingdom type to the North Atlantic treaty nations, and we proceeded to do so. Equipment for one division was given the Netherlands; for a second division to Belgium; and equipment for a third division is to be transferred to Italy, as well as artillery for Luxembourg. This is a practical way of getting on with the job, and at the same time each weapon we have put into the hands of a European has armed a soldier who is there waiting for a weapon with which to defend his country and ours. So we did a double job very quickly.

I should say that we have made good progress in standardization with the United States, in addition to weapons, which are on the way. To mention a few items hastily, there are aircraft fuels, oxygen equipment, photographic equipment, instruments and personal flying equipment, mapping and charting, air force training equipment, vehicles for the northland, pilot handbooks, geographic reference systems for maps, navigation tables, 3·5 rockets and rocket launchers, confidential signs and symbols, and many other things which are on the secret list. Some of these are Canadian products, or the procedures and techniques have been worked out in Canada.

The next question was with regard to unification, and the statement was made that we seemed to be going into reverse in the matter of motor vehicle maintenance. The fact is that in 1947 we decided on the unification of motor vehicle maintenance,

and determined that it should be done by the army for the three services. That was my decision, and I put it into effect. We tried it for a year and a half, and it was found that it did not work. We had gone too far in unification. We have reversed it in part; but as in the case of other services common to the three branches, we avoid duplication just as much as possible. These are the principles on which we have made this decision: (a) the peacetime organization of each service should be capable of rapid expansion in war without major reorganization or reallotment of functions; (b) maximum economy is to be achieved in peacetime without prejudicing either efficiency or ability to mobilize rapidly for war; (c) administrative functions necessary to each service in war should be performed to an appropriate extent by each service in peacetime to ensure familiarity with the function and provide a nucleus for expansion in war.

With regard to motor vehicles we found this, to give a concrete example. The air force has to keep its runways open the year round. They have to contend with very heavy snowfall in many parts of the country, and they have very good heavy equipment for this purpose. When that equipment had to be maintained and supplied by the army, the air force would sometimes say they were not given a sufficiently high priority because we had too much to do in connection with motor vehicle maintenance with the personnel we had. We found that where a service had an essential special function to perform in peacetime, it was desirable that the service must be responsible for that performance.

With regard to avoiding duplication I can tell my hon. friends that we have gone very far indeed, both in respect to this and other matters. We have the following motor vehicle workshops across Canada. The navy has two workshops, at Halifax and Esquimalt, and both workshops look after army and air force equipment. The navy also has one other workshop at St. Hubert in Quebec, where the navy does its own work. That is combined with an armament workshop there. The army has workshops at Halifax, Saint John, Lachine, Ottawa, Kingston, Picton, Petawawa, Toronto, London, Winnipeg, Macdonald, Shilo, Calgary, Vernon and Vancouver, where it does any work there may be for the navy and air force as well. At Quebec city it does work for the navy; there is no air force at that point. At Kingston it does work for the navy; there is no air force there. At Churchill it does work for the R.C.A.F.; the navy has no motor vehicles there. At Rivers it does work for the R.C.A.F. At Regina it does work for the navy; there is no air force. At Fort Nelson it does work for the R.C.A.F.; there is no navy. At Whitehorse it does work for the R.C.A.F.; there is no navy. The air force has depots at Calgary and Trenton, where it does work for all three services.

So hon. members will see that in this respect there is no duplication, but there is sound military reason for maintaining the three maintenance activities.

The next question was, when will the new anti-submarine vessels be commissioned? It is very hard to make an estimate, and I do not know that we should make any announcement of this kind. It is not usual, but we can tell him that some of the new anti-submarine vessels are expected to be launched this autumn before the close of navigation. We expect it will take a considerable time longer before these are commissioned. These anti-submarine ships are of a new type. They were worked out with the British and Americans, but we are the first country to make them. The British are making a somewhat similar vessel but are about a year behind us in their production. There is no corresponding vessel, so far as we know, anywhere in the world.

Mr. Blackmore: Will the minister permit a question?

Mr. Claxton: I think I had better go ahead because my time is getting very short, if you do not mind. Then, with regard to the *Magnificent,* it is suggested she is out of date, because she has sixteen Sea Furies and twenty Fireflies and cannot take modern jet aircraft necessary in chasing subs. The *Magnificent* is not out of date at all. It has three or four more years of useful life, and is of the same type as several carriers the Royal Navy has in commission. The Sea Fury is still an effective aircraft for protecting aircraft carriers and ships against attack by the kind of aircraft that could make that attack. It must be remembered that the range of the jet fighter possessed by the Russians is not very extensive. Then, too, the carrier is also equipped with Avengers which are still in front-line use in the United States, and are considered to be an effective weapon in anti-submarine work. It is not considered desirable to have jet aircraft at this time for work against submarines.

It was suggested that we should have an aircraft carrier on the Pacific coast. There is a limit to what a country of 14 million people can do, and I am afraid this is one place where that applies. So far as I know, no country of our size has one aircraft carrier, still less two. Incidentally, I do not know if I am breaching security, but to provide that

type of protection in that way is not a part of our assigned role in accordance with our arrangements with our allies which have been worked out in detail with regard to the employment of each ship and the times at which it will be available.

Why is a second cruiser being commissioned? It is immediately for training purposes but it would also be useful in the event of war. We find it is much more satisfactory to give the first training to officers when they go to sea in the larger ships, because there is accommodation for them to take a much greater number. There is also room for classrooms, and there is every kind of instrument they would have to use on a small ship. Also we can handle, in proportion to the cost, very many more officers for training in this way. Without putting the *Quebec*, as the ship is called—I hope the member for Three Rivers will recognize this change—into commission, we could not possibly train all the officers we shall have to take in to meet the build-up of the navy. In the small ships such as destroyers, frigates, minesweepers, there is very little room indeed for the officers and men necessary to operate the ship. At a later stage, when the officers have had some sea training, they are fitted into the crew and they continue their training on the job in the small ship. This is considered to be the fastest way to take care of the biggest number.

What types of ships are now being operated by the navy? I should think hon. members would be fully familiar with that, but I shall list them: The carrier, with its naval air groups, cruisers, destroyers, anti-submarine escorts first class; anti-submarine escorts second class; minesweepers; seaward defence craft; Fairmile training vessels at selected reserve divisions; supply ships; tankers; research experimental ships; auxiliary vessels and harbour craft; loop layers; gate vessels, in reserve; repair ships, in reserve. Then there is the northern patrol icebreaker which is nearing completion. We have some 27 ships under contract, and there will be many more ordered shortly to be proceeded with as soon as we build the prototypes of the new vessels and learn by experience what modifications are needed.

The suggestion was made that we should not keep ships in reserve if they are obsolete, because it costs money. It costs much less money to keep ships in reserve than to keep them in commission. We keep in commission the number of ships we can man, and the ships in reserve are of the same age and class as corresponding ships in commission, and I cannot regard them as obsolete, as we would want almost everything that was available in the event of war. If we scrap any ships that are seaworthy and useful to the navy at a time like this, I would regard it as a retrograde step.

The hon. member said that we should not have gone to Fort Lewis because it was a waste of money to go there with the additional expense to the United States government and the additional pay of the men. I should like to refer to a speech which the hon. member made and which is reported in the Calgary *Herald* of April 11, 1951, under the heading "Pearkes Criticizes Use of U.S. Training Base". It reads:

> Failure to provide a proper training centre in Canada for the Korean forces had cost the Canadian people an extra $200,000 a day for the forces under training at Fort Lewis, Washington, Major General G. R. Pearkes, V.C., C.B., D.S.O., M.P. for Nanaimo, told a public meeting in the Canadian Legion west end branch hall Tuesday night.

I do not know where the hon. member got his information or how he made his calculation, because generally he is exceedingly careful and very responsible indeed. The cost of our being in Fort Lewis was not $200,000 a day, but a bit less than $20,000 a day. About $13,000 was paid to the United States government for food and accommodation and the provision of services of every type, at a capitation fee of $2.46 per man day. I hope the United States congress and the United States quartermaster general will not hear me say this—you have to say unwise things sometimes in answer to criticism—but we could not have done it for that cost in Canada. We had a generous and fair arrangement. Moreover, we could not have put our troops in any quarters in Canada without spending millions of dollars on the rehabilitation and winterization of those quarters. We have never had a force of seven to ten thousand people training during the winter in Canada as a brigade. Our experience in this connection indicates it will be very difficult to do it in any part of Canada and have really effective training. In almost every part of Canada there is such a heavy snowfall that in training men, particularly to fight in Europe, they would have to spend a big part of their time in shovelling snow and keeping themselves warm. That does not apply to the same extent to individual and sub-unit and even company training, but as soon as you get up to unit and brigade training you need a lot of space with roads for vehicles so as to correspond to something like the terrain in Europe. For good training on a brigade scale we would like to have an area twenty miles wide and a hundred miles deep. We use live ammunition fired from 155 guns over the heads of the troops, and they fire up to

20 miles. To provide for advances with all arms working together we should have, if we can get it, an area 100 miles long.

We have searched Canada ever since 1946 to find such an area. We have our eye on one or two that might be suitable, but only at tremendous expense to put them in shape, with accommodation, roads and so on. It was extremely fortunate that we were able to go to Fort Lewis. However, that was not the real reason for going to Fort Lewis. We went there because that was the staging point for the shipment of troops from Seattle to the Far East. When our movement was arranged for there we did not know whether they would move immediately to the Far East or stay there for training. Hon. members will recall the statements of a rather optimistic character that were made at that period when it appeared to some that the war was virtually over. We had to be prepared either to move the brigade off almost at a day's notice to the Far East to complete training there or to remain where they were but with uncertainty as to when the brigade should move forward. On that account it was highly desirable that the brigade should be at Fort Lewis. Further, we had exceedingly good experiences with our United States friends at Fort Lewis which was under the command of Brigadier LeRoy Watson. No. 426 squadron was at McChord field nearby, which was under the command of Colonel Bennett. I should like to pay this tribute to these officers and all working with them for the magnificent co-operation they extended to us. They treated us just as well as friends could be treated. Anything we wanted in the way of facilities, changes in rations—because our ration is rather different from theirs—or the like, was put through at once. It was as fine a demonstration of partnership in our joint defence as anyone would want to see.

The actual cost for the other item that the hon. member mentioned, of the extra pay for officers and men while they were out of Canada, is estimated at $6,000 per day; so that the item of $13,000, for the $2.46 capitation fee and the $6,000 for extra pay, total $19,000, not $200,000.

Then the hon. member suggested that we need now to provide winter quarters for training. I agree, and we are doing that. We are making substantial changes at Valcartier, Wainwright and other places. We hope that it will not be necessary to use those places for training units as large as brigades. Valcartier is not suitable for that purpose at the present time. Wainwright is the only camp in Canada of sufficient size and having the terrain suitable for this purpose. We hope to get another camp for this purpose in the east, but so far we have not been able to get the area. There is the question of fire hazard; and that is something which is highly important.

The next point was that in the air we should concentrate on essential types. We believe we are doing that. With regard to the supply of aircraft, the priority that is generally recognized is: Fighters, bombers, tactical aircraft, transport and maritime reconnaissance. We do not think that it is desirable at this time, particularly when there is no aircraft specially designed and in production for this purpose, to build in Canada the relatively small number of planes required for maritime reconnaissance. We have therefore worked out an adaptation of the Lancaster, the modifications in which are either completed or well under way at A. V. Roe Canada Limited; and it is considered to be a highly desirable aircraft for the purpose. It has good range with the additional tanks we put on it; and it carries weapons, equipment, cameras and so on quite well. It is an economical way of doing this particular job.

Another question was: What percentage of officers trained by D.V.A. are now serving? I think that is the only question that I have been asked during the past two days as to which I have not an answer. D.V.A. has not the answer. It is necessary to go through either all the army officer cards or all the D.V.A. cards in order to find it out, and that would be a large job. I am trying to have an estimate made; and I am sure the hon. gentleman would accept this.

I think that concludes the questions put by the hon. member for Nanaimo.

The next come from the hon. member for Rosetown-Biggar. He asks what has been done to inform young men what they are fighting for. Lectures have been given right from the outset by trained officers who were given special publications and briefing on current affairs. Every camp has a library and a number of them are very good. They are extensively used. A number of them have a wall map service and special magazines on current affairs, and these supplement the lectures. We have doubled the size of the chaplain service, and the chaplains are useful indeed in giving general talks. But we felt that the time had come, in view of the formation of the Korean force, to give direction in this matter. Accordingly, two months ago we appointed Mr. Harry Low as director of the bureau of current affairs. He served with the air force in this capacity during the war. He is responsible to the chiefs of staff committee. He will be holding courses for

officers and N.C.O.'s of various types, to instruct them in the job of passing on the information, organizing study groups, classes, and the like.

As to the charge that the young men joining our forces are confused as to why we are fighting in Korea, I am surprised that they are not more confused than I have found them to be, in view of the conflicting ideas, as to why we are fighting in Korea, expressed by, say, the Secretary of State for External Affairs and the hon. member for Vancouver-Quadra. While some of the young men may not be able to express themselves like a college professor, I think they are rather in the position that anyone would be in if someone came up to him in the street and asked: Why are you a Christian? You find it difficult to answer that question in a few sentences. They know why they are fighting but they would find it difficult to express the reason in a few sentences. But that does not prevent their being fine, understanding and intelligent in the work in the armed forces.

It was suggested that we should make an appraisal of our manpower resources. These appraisals especially made for a special purpose can soon become out of date. The dominion bureau of statistics and the Department of Labour have continuous appraisals, and I have been told that from most points of view the information they have is adequate for statistical planning with regard to manpower in this country. To have a further survey for this purpose may be desirable, and it may be done. That matter is being considered by the advisory committee on manpower; and if they report in favour of it, no doubt the government will see that it is done. But the information so far put before me from the point of view of planning—and we have planned it out for several years ahead—is that the information is fully available on which to do the job.

The hon. member asked about motor vehicle contracts, apropos the remarks of Mr. Sale. This is a complicated subject which falls under the jurisdiction of the Minister of Defence Production. I am not sure that I have the whole picture; hence anything I say must be taken subject to that qualification. I can say this, however. For some time we have desired to manufacture in Canada a limited number of motor vehicles of military type. We in the defence department provided in our estimates a considerable sum of money—I think it was $21 million—for this purpose. The reason was not so much to supply ourselves with these motor vehicles, because it would have been much cheaper to buy them from the United States. The reason was primarily to tool up for their production in Canada. We had in mind particularly the one-quarter ton, the three-quarter ton and the two and a half ton vehicle. The one-quarter ton vehicle is the jeep. Our own requirements were not great. Having regard to the cost of tooling up and the number required, each motor vehicle would have cost an almost fantastic sum; but we thought it was desirable to tool up to manufacture those cars in Canada, and we requisitioned the Minister of Trade and Commerce in September, 1950, to obtain these. He entered into negotiations with the United States authorities and the industry both to secure the right and to make arrangements with the automotive industry to do it. It was found that the cost of tooling for the production of these cars in toto in Canada was far more than the sum estimated. I am speaking from recollection, but I believe that the cost of tooling for quantity production of cars of these types, the smallest military types, would be well in excess of the amount provided. I mean by "well in excess" much more than twice as much as the amount we had estimated. From the outset it was apparent that this would not be an economic move unless we could secure orders for these cars from the United States either for delivery to meet United States needs or for shipment to Europe at United States expense, because we had already committed all the money we had voted or were in process of doing that. However, United States military requirements for these vehicles now were not sufficiently great to justify their production in the United States and here. These discussions took some time; and in the end the Department of Defence Production decided to make part of the cars in Canada and buy part from the United States, and to tool up to make the parts which we could do most economically and most efficiently in Canada, just as was done at the commencement of the commercial automobile industry in Canada. But before we made that decision we wanted to explore every possibility with the United States of getting orders which would enable us to do as much as possible of the job in Canada. I understand that arrangements have now been worked out and that we shall be going ahead on that basis.

The next question is: Do we have to pay customs duty on war equipment, personal effects of service personnel, et cetera? Yes, we pay sales tax and duty on all purchases of war equipment, with the exception of the equipment we purchase from the United States to replace divisional and other equipment released to countries which are members of the North Atlantic treaty under the Defence Appropriation Act, 1950. On all

other military equipment we pay sales tax and customs duty to the Department of National Revenue. Personal effects of service personnel generally enter duty free under reciprocal arrangements.

Then the hon. member for Rosetown-Biggar said that it was stated in the public accounts committee that on March 31, 1950, we did not possess a single modern tank. I was not present at the public accounts committee, and I have not yet seen the report of the proceedings for that day, so I am speaking without exact information. But I would doubt very much whether the statement was made in that form. At the end of the second world war we had a large number of worn-out tanks. We scrapped these and we arranged to buy from the United States a very considerable number of the very latest tanks that were available at that time. Since then these have been maintained for training and are available today, except for those that we have shipped already to Europe, for two divisions, namely, the self-propelled guns, which are on tank chassis.

It would have been utterly ridiculous for us either to have contemplated the manufacture of tanks of an intermediate type or to have bought tanks from the United States when these tanks were still in the process of development, and were not yet in large-scale production in the United States. We have now the opportunity of buying from the United States the latest tanks, and they will be coming with the equipment for the two divisions we transferred to Europe. But our tanks are by no means obsolete. If a war were to come tomorrow this would be the kind of weapon that would be in most current use on our side, the Sherman Mark IV, with modifications, but there are more modern tanks. I hope hon. members do not think for a second that it is possible for any country, United States, Russia, the United Kingdom, Canada, France or any other country in peacetime to keep up to date on every development. Why, the number of developments and the modifications of radar sets would keep us poverty stricken on that account alone. What we have to do is to plan and make our replacements when we think a type has been developed that is going to be in good use for five years, or ten years or fifteen years, and then to keep up to date as far as we can with modifications. But these modifications cost a fantastic sum. Take the 3·7 heavy anti-aircraft gun that we have, the United Kingdom type. To modernize it to standards that we would regard as up to date would cost upwards of $200,000 per gun—the gun originally cost about $100,000—and the result would be a cost per gun of more than that type of weapon completely new at some future indefinite date when we get into another sphere. We cannot follow each weapon through every development. We must get from period to period.

The hon. member asked whether the manufacture of jeeps was held up because of difficulties with patents. The answer is no. He referred to standardization. I have gone into that. He said: If we are working with the United Kingdom in Korea will not there be complications through the use of United States equipment? No; our forces in Korea are supplied almost entirely with United Kingdom equipment so that they can work with the British, as was planned from the outset; but we use a number of United States-type motor vehicles and mortars and some other weapons just as the British do. There will be no difficulty or very little difficulty there. Since we will always be working with the British or with the Americans usually in a theatre where both are represented, we will not have quite as great difficulties, through having either equipment of one type or mixed equipment, as would otherwise be the case. During the second world war we had in the Canadian army at one time a division of United States troops using American equipment, a division of British troops using British type of equipment and others, and provided that you have a unit as big as a division it can be worked out. Of course it is much better to have it all uniform, and Canada has a greater interest in seeing to that than any other country, and we have worked harder to bring it about than any other country. I only regret that we did not succeed to a greater extent in bringing about standardization.

Some hon. Members: Six o'clock.

Mr. Claxton: I am afraid it will take a few more minutes to answer hon. members' questions.

Item stands.

Progress reported.

BUSINESS OF THE HOUSE

Mr. Fournier (Hull): Tomorrow we will continue with this debate.

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

HOUSE OF COMMONS

Thursday, May 10, 1951

The house met at three o'clock.

HOCKEY AND LACROSSE

WINNING OF CANADIAN CHAMPIONSHIPS BY OWEN SOUND TEAMS

Mr. C. E. Bennett (Grey North): Mr. Speaker, on a question of privilege, I should like to draw the attention of the house to the fact that the Owen Sound Mercurys won the Canadian senior hockey championship last evening. We in Grey North are of course exceedingly proud of the Mercurys. I regret that my duties here prevented me from seeing all but one game of the finals. To my good friend the hon. member for Kenora-Rainy River, I should like to say that his team, the Fort Frances Canadians, were worthy opponents. They were not quite good enough, but they proved to be a formidable hockey club. What is more important, they were good losers and good sports.

I should also like to remind hon. members that the Owen Sound Crescents won the dominion senior lacrosse championship last year.

Mr. Graydon: They dropped out this year, though.

Mr. Bennett: Therefore, Mr. Speaker, the historic Mann and Allan cups, emblematic of two national titles, are in the city of Owen Sound, a precedent in the annals of Canadian sport.

EXCISE TAX ACT

CARAMEL CORN SNACKS—EFFECT OF BUDGET PROPOSALS

Mr. F. S. Follwell (Hastings South): Mr. Speaker, on a question of privilege, I should like to refer to page 2589 of *Hansard* of May 1, where I called the attention of hon. members, particularly of the Minister of Finance, to a product known as Caramel Corn Snacks. I submitted to the minister that the product should be treated in the same way as popcorn, should be outside the Excise Tax Act and made tax free. I was dismayed to find that many hon. members had not heard of this product. The manager of the W. T. Hawkins Company, of Tweed, Ontario, Mr. Armand Turpin, has sent a package of caramel corn snacks for the minister so that he may have the opportunity to decide whether the product is comparable to popcorn. He has also sent a standard package of Cheezies, another product made by this company.

Mr. Ross (Souris): A bottle of beer with it?

Mr. Follwell: He has also sent a standard package for every member of the house and I will have them distributed. In addition there will be an aerial view of the village of Tweed sent with the compliments of the Tweed chamber of commerce.

Mr. Harkness: What was the question of privilege?

Mr. Fraser: Just something to chew on.

Mr. Abbott: The privilege of expanding one's waistline.

QUESTIONS

CIVIL SERVICE—APPOINTMENTS AND RELEASES

Mr. Fulton:

1. How many employees of all classifications, including permanent and temporary civil servants and all other appointments outside the civil service, including also crown companies but excluding service personnel in the defence department, have been taken on in the government service from the 1st of May, 1945, to date?

2. What is the total number of releases for all categories covered by question No. 1 during the same period?

Mr. Rinfret: I understood that the hon. member for Kamloops wished to amend this question, and that it was to be dropped.

Mr. Fulton: I have not had time to do that as yet, so I would be prepared to have this question dropped now and I shall reword the whole thing.

Mr. Speaker: Dropped.

SALES TAX—PAPER AND INK USED IN PRODUCTION OF NEWSPAPERS, ETC.

Mr. Bertrand:

1. Is the ten per cent sales tax imposed on paper and ink used in the production of newspapers?

2. Is the said tax of ten per cent imposed on the paper and ink used in the production of reviews and magazines?

3. If not, what are the reasons therefor?

Mr. Rinfret:

1. Yes.

2. Provision is made in the Excise Tax Act for exemption from the tax for "magazines and literary papers unbound, regularly issued at stated intervals, not less frequently than

four times yearly, and printing paper and printing ink for use exclusively in their production".

3. This is a matter of government policy.

IMMIGRATION, 1950

Mr. Laing:

1. How many immigrants arrived in Canada in 1950?
2. How many of each nationality?
3. What was the destination, by provinces, of such immigrants who entered Canada at Montreal, Saint John, Halifax and Vancouver?
4. Does the immigration department provide provincial labour departments with details concerning individual immigrants either before or after their arrival in Canada?

Mr. Harris (Grey-Bruce):

1. 73,912.

2. See statement below.

3. See statement below.

4. No.

Immigration to Canada, showing Nationality, for the Calendar Year 1950

Albanian, 32; Austrian, 395; Belgian, 669; British, 15,399; Bulgarian, 95; Central American, 14; Chinese, 1,731; Czechoslovakian, 1,840; Danish, 905; Dutch, 7,211; Estonian, 2,026; Finnish, 444; French, 1,209; German, 1,772; Greek, 845; Hungarian, 1,970; Icelandic, 9; Irish Republican, 425; Israelite, 103; Italian, 8,939; Japanese, 12; Latvian, 1,828; Lithuanian, 1,081; Mexican, 6; Norwegian, 239; Polish, 12,075; Portuguese, 11; Roumanian, 1,163; Russian, 1,515; South American, 91; Spanish, 20; Swedish, 155; Swiss, 475; Syrian, 98; Turkish, 13; Ukrainian, 120; U.S.A. citizens, 7,135; West Indian (not British), 18; Yugoslavian, 1,702; Others, 122; total, 73,912.

Immigration to Canada from overseas, by intended province of destination at the under-mentioned ports of entry, for the calendar year 1950

	Montreal	Saint John	Halifax	Vancouver	Totals
Newfoundland	1	....	13	....	14
Nova Scotia	8	16	487	2	513
Prince Edward Island	1	2	73	....	76
New Brunswick	6	47	208	2	263
Quebec	187	289	5,889	28	6,393
Ontario	313	846	17,278	110	18,547
Manitoba	23	104	1,745	36	1,908
Saskatchewan	16	168	905	15	1,104
Alberta	32	201	2,715	55	3,003
British Columbia	54	174	1,466	262	1,956
Yukon and Northwest Territories	....	....	8	....	8
Totals	641	1,847	30,787	510	33,785

CHARLOTTETOWN-MURRAY HARBOUR, P.E.I., BUS SERVICE

Mr. McLure:

Has the Canadian National Railways been granted a franchise for a bus service running from Charlottetown to Murray Harbour, Prince Edward Island?

Mr. Benidickson: No.

WHEAT—STORAGE AND CARLOADINGS

Mr. Diefenbaker:

1. How many bushels of wheat are in storage in the local elevators in the provinces of Saskatchewan, Alberta and Manitoba?
2. How many elevators are full and unable to provide any further storage?
3. How much damp wheat is in (a) Manitoba; (b) Saskatchewan?
4. How many cars a day have been loaded with wheat in the last ten days from loading points in (a) Saskatchewan; (b) Manitoba?

[Mr. Rinfret.]

Mr. McIlraith:

1. Wheat in store country elevators as at April 26, 1951:

	Bus.
Manitoba	9,583,271
Saskatchewan	59,252,119
Alberta	33,217,555
Total (bus.)	102,052,945

2. Data respecting the number of country elevators that are full are not available. (Official rated storage capacity of country elevators in Manitoba, Saskatchewan and Alberta, 277,330,350 bushels: total of all grains in store in country elevators, 135,580,465 bushels; estimated country elevator surplus storage capacity, 141,749,885 bushels, less working space required.)

3. No official estimate.

4. Daily carloadings of wheat in Manitoba and Saskatchewan from April 26 to May 7:

1951	Manitoba	Saskatchewan
April 26	137	333
April 27	112	509
April 28	175	378
April 30	127	330
May 1	112	341
May 2	192	526
May 3	147	462
May 4	135	542
May 5	119	477
May 7	153	499
	1409	4397
Daily averages	141	440

QUESTIONS PASSED AS ORDERS FOR RETURNS

DEPARTMENT OF FINANCE—PROFESSIONAL AND SPECIAL SERVICES

Mr. Fulton:

1. What was the total paid by the Department of Finance for professional and special services in the fiscal year 1950-51?
2. What person, persons, firms or companies received payments of over $10,000 under this heading in the said year, what was the actual amount of each payment, and for what service was the payment made in each case?

DEPARTMENT OF VETERANS AFFAIRS—PROFESSIONAL AND SPECIAL SERVICES

Mr. Fulton:

1. What was the total paid by the Department of Veterans Affairs for professional and special services in the fiscal year 1950-51?
2. What person, persons, firms or companies received payments of $10,000 or more under this heading in the said year, what was the actual amount of each payment, and for what service was the payment made in each case?

AIR TRAINING PLAN, SASKATOON—HOUSING

Mr. Knight:

1. What is the total number of personnel likely to be engaged in any full capacity air training plan at Saskatoon, with the extension of facilities presently planned?
2. What plans has the government for the housing of such personnel?
3. Is there any firm agreement between the federal government, the provincial government and the municipal authority of Saskatoon in relation to a housing construction program in that city?
4. Are negotiations in that regard under way?
5. If so, what stage have such negotiations reached?

NEWSPRINT

Mr. Bertrand:

1. From 1940 to 1950 inclusive, what was the newsprint output in Canada, in tons, for each of these years?
2. In each of the years 1940 to 1950 inclusive, what was the average price of newsprint?
3. In each year from 1940 to 1950 inclusive, what proportion of the total output was assigned to the export trade?
4. To what countries, and what quantity to each of them?

Mr. McIlraith: Return tabled.

POST OFFICE DEPARTMENT—PERSONS APPOINTED AND LAID OFF

Mr. Hodgson:

1. How many employees of the Post Office Department have been laid off since January 1, 1951, indicating (a) temporary employees; (b) permanent employees?
2. How many of the above were veterans of either the first or second world war?
3. How many permanent employees were engaged by the Post Office Department from January 1, 1940, to December 31, 1950?
4. How many of the above were veterans?

WHEAT AND COARSE GRAINS

INQUIRY AS TO INTERIM PAYMENTS, 1950-51, AND FINAL PAYMENT ON FIVE-YEAR POOL

On the orders of the day:

Mr. H. R. Argue (Assiniboia): In view of the fact that farmers are in urgent need of money for seeding expenses, will the Minister of Trade and Commerce inform the house what proportion of the interim payments on wheat and coarse grains, and of the final payment on the five-year pool, has been sent out, and when such payments are likely to be completed?

Right Hon. C. D. Howe (Minister of Trade and Commerce): The hon. member for Assiniboia has given me notice of his question, and I should like to say that the payments involved in the increased initial payments for wheat, oats and barley delivered in 1950-51 were completed well in advance of seeding. In addition, the final payment on the five-year pool is about at the halfway mark and should be completed within the next two weeks.

Payment of the 1950-51 oats and barley increases was completed on March 29. This involved the issuance of 182,203 cheques, covering a total amount of $16,875,169.30. Payment of the 1950-51 wheat increase was completed on April 24. This payment amounted to $49,630,921.39 and involved the issuance of 322,834 cheques. As of last night 224,753 cheques had been issued in connection with the final payment on the five-year pool. These cheques amounted to $53,520,-169.98. The total payment will involve about 450,000 cheques and an amount of $119,109,-000. As I have mentioned, this payment should be completed within two weeks.

Inquiries of the Ministry

CROWN PROPERTIES

QUESTION AS TO PAYMENTS TO MUNICIPALITIES IN LIEU OF TAXES

On the orders of the day:

Mr. A. Earl Catherwood (Haldimand): In view of the fact that in the speech from the throne it was announced that parliament would be asked to consider measures with respect to grants to municipalities in lieu of taxation on crown property, will the Minister of Finance state whether this legislation will be brought in during the present session, and, if so, when he will make a statement to this effect?

Hon. Douglas Abbott (Minister of Finance): As indicated in the speech from the throne, it is the intention to bring in a bill to provide for the payments of these grants in lieu of taxation, which during the past two years have been provided by an item in the estimates.

NEWSPRINT

UNITED STATES ANTI-TRUST LAWS—QUESTION AS TO COMBINES INVESTIGATION

On the orders of the day:

Mr. Stanley Knowles (Winnipeg North Centre): Would the Minister of Justice care to comment on a dispatch from Washington concerning a proposal in the house of representatives to make Canadian newsprint companies subject to United States anti-trust laws? Would it not be appropriate for our own combines investigation commissioner to inquire into the alleged monopolistic practices of this industry?

Hon. Stuart S. Garson (Minister of Justice): I wish to thank my hon. friend for having given me notice of this question. I have read the Washington dispatch reported in the Ottawa *Journal* of May 5 to which my hon. friend has just referred, and naturally have discussed this dispatch with the commissioner under the Combines Investigation Act. The situation alleged by Congressman Celler would have formed a possible subject for inquiry under the Havana charter for international trade organization had that charter been ratified by the United States of America, which sponsored it, and if as a consequence of United States ratification it had been ratified by other countries including Canada. The Havana charter, however, has not been ratified by the United States of America or by the other countries which are parties to it with, I believe, the single exception of Australia.

Our combines investigation commission has no jurisdiction to inquire formally into an international situation which does not involve a combine detrimental to the Canadian public. Moreover, the effect of any information now before the Combines Investigation Act commissioner does not, in his opinion, justify an inquiry at the present time under our act into the newsprint industry. The information now before the combines investigation commission is that the Canadian newsprint industry is taking all reasonable steps to increase production, and that the prices Canadian newsprint producers are charging for sales of newsprint to the United States are exceptionally reasonable, having regard to the prices that could be obtained on the open market for newsprint at the present time if Canadian newsprint producers were to take full trading advantage of the present strong demand.

Under all the circumstances I do not think it would be desirable for me to comment further on a news dispatch to the effect that a subcommittee of a legislative body of another country has suggested the study of a bill to enforce the production of records of foreign countries.

INDIA

FOOD SITUATION—INQUIRY AS TO ACTION BY CANADA

On the orders of the day:

Mr. J. M. Macdonnell (Greenwood): I wish to direct a question to the Prime Minister, of which I have given notice. Will he advise the house whether, having regard to the famine conditions in India, and particularly having regard to the reported offers of help from China and Russia, the government proposes to recommend any action to the House of Commons?

Right Hon. L. S. St. Laurent (Prime Minister): Our high commissioner in New Delhi has been and is in touch with the government of India about the food situation in that country, but I am sorry I am not able today to give any answer to the hon. member different from that which I gave to the question asked by the hon. member for Assiniboia (Mr. Argue) on May 2. The government is not yet in a position to make any announcement to the house.

LABOUR CONDITIONS

QUESTION AS TO BINDING OF SEAMEN'S DISCHARGE BOOKS DURING A STRIKE

On the orders of the day:

Mr. J. W. Noseworthy (York South): Mr. Speaker, is the Minister of Labour aware that the W. J. Stewart Company of Toronto is binding ten thousand copies of seamen's

discharge books for the king's printer while the union employees of that company are on strike and picketing the plant?

Hon. Milton F. Gregg (Minister of Labour): Mr. Speaker, as the king's printer is responsible to my colleague, the Secretary of State, I shall bring this question to his attention as soon as he returns.

INQUIRIES FOR RETURNS

DIRECTORS OF CROWN COMPANIES—LEDUC, ALTA., PUBLIC BUILDING SITE

On the orders of the day:

Mr. William Bryce (Selkirk): I should like to direct a question to the responsible minister. On February 19 a question in my name was passed as an order for return, and I have not yet received the answer. I should like to have it.

Mr. Ray Thomas (Wetaskiwin): Will the Minister of Public Works investigate an order for return passed in my name on March 19?

Hon. Alphonse Fournier (Minister of Public Works): I shall do that, with pleasure.

SUPPLY

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

DEPARTMENT OF NATIONAL DEFENCE

Defence forces—

245. To provide for the defence forces of the navy, army and air services and defence research and development, and to authorize total commitments for this purpose of $3,831,270,000 including authority notwithstanding section 29 of the Consolidated Revenue and Audit Act, to make commitments for the current year of $1,924,170,835 and commitments against future years of $1,907,099,165 against which commitments it is estimated that actual expenditures in 1951-52 will not exceed $1,595,050,000 of which $183,050,000 will be provided from section 3 of the Defence Appropriation Act, 1950, as supplemented by item 246, $1,412,000,000.

Mr. Claxton: Mr. Chairman, when the committee rose last night I was answering some of the questions put to me by the hon. member for Rosetown-Biggar. The next question related to aircraft production, and the hon. member said that we had spent $30 million in 1950 but had not produced a plane that year. He asked why. He also said he did not know whether the F-86 had been produced yet, or whether any aircraft have been produced in addition to the two CF-100. The situation is, Mr. Chairman, that it takes a minimum of four years to develop a new type of aircraft, which was about the time taken in the case of the CF-100, the design of which began in the late months of 1946. From the time of having an aircraft that will fly and that it is desirable to produce, it takes a minimum of eighteen months to begin production and to have the first aircraft ready. To tool up for the production of aircraft, I am informed, costs anywhere from $5 million to $30 million, depending upon the extent of the operation. In the case of an existing plant with floor space and basic machinery it might cost $5 million, and $30 million or more where all the machine tools have to be acquired.

It should be remembered that to produce one of these F-86E aircraft it takes about 25,000 man hours, and in the case of the CF-100 probably 40,000 or 50,000 man hours. The time laid down for the production of the F-86E, as announced by me when we placed the order, was met by the manufacturer with the production of the first of this type last year. They are now building up production, but it will still be some time before the planned rate of production is reached.

The CF-100 is a new type which is being entirely designed and developed here with a Canadian engine. It will go into production at the planned rate a little later than the F-86E. We expect that the planned rate of production on the F-86E will be reached during the summer or autumn of this year, and on the CF-100 early next year. I should point out that the performance in the production of the F-86E was really quite remarkable. This is an aircraft designed in the United States. All the plans and a good many of the parts had to come from the United States. Like every new bit of complicated equipment it was subject to modification, and sometimes as many as ten a day would be sent up by air mail, telephone or telegraph. Notwithstanding that, the aircraft was completed within a very short time of the completion of the first corresponding aircraft in the United States—less than two weeks. Since then they have been going ahead very well.

The hon. member then said he was glad to see co-ordination between the three services, and the appointment of a chairman of the chiefs of staff committee in the person of Lieutenant General Foulkes. He asked what his duties were. They are to act as chairman of the chiefs of staff committee, which consists of the chiefs of staff and such other persons as the minister may designate; to co-ordinate training and operations of the Canadian forces; to perform such other duties as may be assigned to him by the minister.

The hon. member said there appears to be duplication in the three services, and that the

only important branch unified is the dental branch. He asked why we have three medical, nursing and hospital services. We have looked into the question of unifying the medical services a good many times over the last four years, but so far have decided against it primarily because of the principles I mentioned yesterday in connection with the unification of the motor vehicle maintenance service. Everything possible has been done to eliminate duplication. For example, the navy has four hospitals, at Halifax, Cornwallis, Esquimalt and Dartmouth respectively, each of which looks after army and air force personnel. The army has eleven hospitals, and four in conjunction with the Department of Veterans Affairs. All these hospitals look after navy and air force personnel. The R.C.A.F. has nine hospitals, all of which look after navy and army personnel. None of the services has a hospital at a place where any other service has a hospital, so there is no duplication. No country in the world, so far as I know, has the medical services combined into one.

Such a combination would have some desirable features, perhaps, but on the other hand there would be a loss of direct association with the traditions and work of each particular service. We would soon have a joint medical service having specialists for the army, specialists for the navy, and specialists for the air force. The advantages of unification, therefore, would not be nearly as great as might be expected. Further, there would be administrative difficulties in deciding to which officer this neutral medical service would be responsible. Experience has shown it is necessary that a directorate be responsible to a single officer, not to a committee or to the minister. The only practicable way of doing that, in the light of experience, would appear to be to put the medical services of the navy and air force under the control of the largest user and the one having the greatest need under actual service conditions, the army; and that might not please the navy or the air force because they believe they have special functions, too. While the matter is continuing to receive very close attention, it has not yet been decided to do this job. I repeat to the hon. member and to the house that, so far as I know, this course has not been decided upon by any country.

The next question was: Is there duplication of supplies? The army provides stores and food for the air force and, to a considerable degree, for the navy. The rations are the same. The purchasing is all done through the Department of Defence Production and we do not see that there would be any elimination of services or any economy effected through unifying the supply services. It would probably mean the setting up of a new overhead organization to look after the supply services of all three.

Mr. Coldwell: May I say to the minister that what prompted the question was my impression that the bill for printing for the services was rather high; I refer to the printing of papers.

Mr. Claxton: All the printing for the armed services is obtained through the king's printer, and he places the contracts.

Mr. Coldwell: I refer to stationery.

Mr. Claxton: I am afraid there is a good deal of paper work in connection with modern forces. We are trying to cut down on it; but the larger they get, the more paper work there is. It is like a telephone system; the larger it is, the more connections there are. I found recently that there were twenty-two forms required to document each recruit. I had an investigation made in an effort to cut down the number; and so far as I can make out, they feel now that they need one more. But seriously we are trying to cut down this work.

The hon. member stated that there is no common attestation form. The reason for that is that each of the three services—the navy, the army and the air force—feels that on attestation they require information peculiar to their particular service. Hence, in the light of their present attitude, to have a common form would mean having a bigger form so that you could cover all the ground in the navy, the army and the air force.

The army has lately instituted a completely new form of revolutionary design. It is designed to be a self-contained file. It has the carbon paper inserted. It has the recruit's medical report, enrolment, personnel selection report, oath and so on, all included. This is designed to expedite and simplify the work of enrolment. It is being used now for the first time in Canada; and the navy and the air force are watching with close interest to see if this is the right kind of form to have. We are therefore looking into the matter. We are also working on drawing up a uniform medical profile along the lines of the army pulhem, for all three services, so that any examining officer or personnel officer could examine men and code them for placement in the army, the navy or the air force according to their qualifications, physical, mental and so on. That is being done. It is a rather large undertaking, because in the three services there are no less than five

hundred or more separate classifications of jobs that have to be related one to the other; for instance, you have to find what is the air force equivalent in requirements for an engine room artificer, and so on. That work is being pressed on. So far as I know, it is greatly in advance of work being done anywhere else.

The hon. member referred to the size of the reserve force as shown in the statement at page 88 of the report of the department for the year ended March 31, 1950. The reserve force has been built up steadily since the war. During the last three years the increase as shown in the white paper—and I am speaking from recollection—would be 44 per cent. It is bigger now than it was in the period immediately following the second world war. We have tried every means suggested, I believe, except exemption from income tax and compulsory service, in order to expedite this build-up. We have had great co-operation. The fact that it should have increased by more than one-third has been, I say, most encouraging indeed. We hope that increase will continue.

But our aim during this period has not been to have a reserve force in the army that is trained and ready to fight a trained enemy. That is not yet part of the role of the reserve army of Canada; and I think that a great deal of misunderstanding occurs because of that misconception. What we want to do is to have the organization, the armouries, the equipment, the procedure, the regimental traditions, the officers, and so far as possible the N.C.O.'s, on which to build rapidly. The aim during this period has been to have 100 per cent of officers, about 75 per cent of N.C.O.'s and about 50 per cent of men. We have come close to achieving that aim with regard to officers and N.C.O.'s, and we are not far off with regard to men. While we want to see more men in the reserve force, and to give them every possible kind of encouragement and assistance, there is no ground for the kind of talk of despair and discouragement that we sometimes hear either in the House of Commons or in its committees. Relatively, our reserve army is in a better position, from the point of view of officer qualification, N.C.O. qualification, armouries and equipment, than it has ever been before; and I believe it is better off than the territorial army in England or the national guard in the United States—that is, on a comparative basis. I believe it would help in building up the reserve if we recognize, as I do every time I see them,—and I see them probably more than does any other hon. member—the magnificent job they are doing, and give them every encouragement and every assistance.

The hon. member for Wetaskiwin said that he was told that Canadair could produce ten F-86E's a day, and he asked why we should not do it. We have made arrangements with the United States for the supply to us of all government-found property that is to go into the F-86E's that they can deliver to us, at a cost of approximately $175,000 per aircraft. I may say that the allocation at first made by them was only just over half what we persuaded them to give or to sell us today; and what they are providing today out of their own resources, because there is not enough of this special equipment—engines, instruments and the like—to go round. They are short of them. We are making, or we shall be making when we reach the planned rate of production, all the F-86E's for which there will be engines and other equipment available. The suggestion that we should produce ten a day is an interesting one, because I think hon. members should know about what it would cost. Ten a day would be, we estimate, about $4 million a day, of which $1,750,000 would be paid to the United States. That would mean a total of $1,200 million a year; and that would of course mean having to provide for the expenditure in some way or another, by doubling or tripling the present income tax or by some other means of that kind, which would have a most inflationary effect. That rate of production would be beyond the peacetime capacity of this country, and, indeed, beyond that of any country of comparable size. The planned rate of production is within our capacity and within the budget.

Then the hon. member said: We should have started our three-year program three years ago. We have had a three-year program ever since 1947, and each year we have revised it in the light of the progress made and of the international situation; so that it has been a steady development in accordance with lines laid down three and even four years ago, but with a great acceleration.

Then he said: There should be more diversification of defence installations. I think there he suggests we should have a greater spread across the country. I do not know of any government activity where there is greater diversification. For example, much the largest concentration of defence activity is in Nova Scotia. In 1950-51 in the maritimes alone, where there is 9·30 per cent of the population, 14·10 per cent of the defence dollar was spent. In the prairies, as I have informed the house, we are opening or

re-opening some eight major establishments, so that in Manitoba, Saskatchewan and Alberta we will be spending again a very considerable amount in proportion to the population.

Then the hon. member said: It is a crime that men serving in our armed forces and fighting for us should have to pay income tax. That is a question for the Minister of Finance, which he will deal with when he has material before the house if it is considered desirable; but I should point out that we in the Department of National Defence consider it very much fairer to have all personnel pay income tax. If they were relieved from income tax a major general would be relieved of a payment of $172.30 a month, whereas a first-class private would be relieved of a payment of $6.85 a month. We believe that the differentiation in responsibility between the private and the major general is correctly measured by the pay scales, and should not be further added to by exemption from income tax.

Mr. Coldwell: Why could not the ceiling on income tax exemption be that allowed to the private?

Mr. Claxton: It would affect your whole pay scale, which has been very carefully worked out. In the second world war it was found at one stage that it was possible that ten different men, each with a wife and two children, could be on a voyage from Halifax, Nova Scotia, to St. John's, Newfoundland, and these ten men would pay ten separate income taxes on the same rates of pay for doing equivalent work. It is exceedingly difficult to make exemptions and to make differentiations. At what stage would you start exempting the men? Would it be at Fort Lewis? Would it be at Tokyo? Would it be back in the line? Would it apply to the army service corps, to lines of communication, to the private in the front ranks?

Mr. Pearkes: You have to decide that point in connection with the application of veterans benefits.

Mr. Claxton: It is a tough one, and so far the view of the government is this: it is a good principle that everyone should pay income tax, and that any differentiation in service or responsibility should be compensated for directly in pay which everyone can see.

The hon. member for Trinity-Conception asked if any other ships could be stationed in Newfoundland, and could there be more defence preparations there. The answer is that Newfoundland comes within the zone of Canada-United States defence plans, ties in with the over-all planning for defence of both countries on the Atlantic coast, and future plans do envisage the stationing of additional ships in Newfoundland. But I point out that to do it at present would add greatly to the shore-based facilities needed in Newfoundland, and to the cost of operations, so that it is much better that ships exercising in the Atlantic should continue to be based at Halifax so long as the operations stay on their present scale.

The hon. member for Calgary East asked: How many fighter squadrons are ready for defence of this country now? That is the kind of question we do not give answers to, but the number will increase very rapidly as the new aircraft are produced. At the present time we have fighters equipped with Vampires and Mustangs, which are both good operational aircraft, but not nearly up to the class of the F-86E and the CF-100. Just as soon as they are available they will be issued to equip squadrons that will be trained and ready to receive them. The build-up will come along together, and without giving any information about which there should be security, it is quite obvious from the size of operations that Canadair Limited or A. V. Roe Canada Limited by the end of this year will be producing enough aircraft of the F-86E or CF-100 type to equip a squadron every month, approximately. I should think that would be a fair estimate.

Then the hon. member said: We have airborne battalions, but they are not trained together, and we have not the transport to carry them. Well, they are trained together as battalions. They have been trained together with supporting arms as battalions, but not as a brigade group, and it is not considered at this stage that they would be employed as a brigade group. However, they will receive combined training so that they can fit into the larger formations if that action is needed. The hon. member said: We have not the transport to carry them. I suppose he is thinking in terms of something like the C-119 of the United States. Neither has any other country except the United States. Plans provide for our acquiring some of these aircraft later, but we believe that priority in respect of aircraft can be regarded as first, fighters, second, bombers—we are not going to have any strategic bombers—third, tactical fighters; fourth, transport—and that includes of course transport of troops. We have a sufficient number of equipped North Stars and Dakotas to make an airlift of the kind which at the present we would envisage as being required.

Then the hon. member referred to the fact that in a speech on February 5 there was only one sentence referring to the reserve

forces. I do not suppose that is a very serious comment. Throughout the year I suppose I have spoken to a hundred or more audiences in support of the reserve forces, and visited every reserve force unit that I have had time to visit, so as to give them every possible support and assistance.

The hon. member expressed the view that my reports on the reserve forces were too optimistic. I believe in giving people encouragement and praise when they deserve it. And I think we have carried into effect every suggestion made by the defence association or by the individual associations or branches of the reserve forces, except that regarding conscription and exemption from income tax; and as I say I am all in favour of their being exempt from income tax. However, neither myself nor anyone else has been able to find a way which would enable the Minister of Finance and the government to do it without finding some new principle, without providing for a special class in a special way, without calling something which is income not income. If somebody can suggest a way in which that can be done, then I will certainly bring it to the attention of my colleagues.

Mr. Brooks: How was it done in the last war?

Mr. Claxton: In the last war we had about twelve scales of income tax, depending on whom you were serving with, where you were serving, and what you were doing. Our practice now is to have just one scale of income tax applicable to everyone, wherever he is serving and whatever he is doing.

The hon. member said that anti-tank regiments have had their weapons taken away. It is quite true that some armoured regiments have had some of their weapons used in a different way. We have taken away some of the tanks on issue to units to put them in shape for shipment abroad, where they would be closer to the fighting line. But in every case we have replaced them either with equivalent weapons mounted on carriers, or towed twenty-five pounders, which has enabled the training in the army to be carried on. Training out in the field is still carried on with tanks, whether the training is local or at a central camp.

The hon. member said there is no information that equipment will be replaced soon by United States weapons. We have sent two divisions of equipment abroad. Our expectation is that delivery of the equipment to replace the first will begin within the next two weeks. In view of the general situation in the world, that is an exceedingly good arrangement to make with the United States authorities.

The member said that the minister had made no statement as to how we are to replace equipment half of which we have disposed of. This is to be replaced from the United States or out of our own manufacture later.

He said that some of the United States equipment is not as good—the Bren gun as compared with the Browning, the twenty-five pounder as compared with the 105, and moreover, the cost is very much higher. That is a matter of opinion. You could not persuade an American of that fact. And, so far as one can see, from the advice I have received from my officials the difference in these weapons is very little.

He said that the adoption of uniform weapons would be of far greater advantage to the United States. There is the question of the Sten and the Thompson. Here, however, I think the hon. member is entering a field which is different, the field of handarms. So long as these weapons use the same ammunition—and I believe that is true of the Sten—it may be quite possible to keep the Sten, which is a much cheaper weapon, and not take the Thompson. That is receiving consideration.

The hon. member referred to overhead, with too many men not fighting, and the setup being top-heavy. As I have said, I think we have the lowest overhead of any of our partners outside the iron curtain, referring to operational troops in proportion to the total. And I believe that if a study is made on a comparable basis it will be found that our divisional slice is smaller than that of any comparable country. It seems to me that there may be a new principle we have discovered in this, and that is that the overhead goes up, not down, with the size of the force.

The hon. member for Yale said that the reserve force lacked funds, particularly for certain purposes, and that they were operating in cramped quarters and housed in school buildings. The accommodation for the reserve army has been increased by over one hundred per cent in the last five years, and we are doing everything possible to continue this increase as rapidly as we can, having regard always to other requirements which are considered more urgent. As far as I can recall there has been no suggestion from representatives of the reserve force that their funds should be increased again. Substantial changes have been made over the last three years.

The hon. member said that the personnel are not receiving rehabilitation grants. There

was never any suggestion that the reserve force should receive rehabilitation grants. I have never heard that suggestion from anyone.

The hon. member said we should remove the bottleneck preventing defence activities over the highway between Alberta and British Columbia, and the highway between Kamloops and Vancouver. I have made inquiries of the general staff and find that they do not regard these as urgent military requirements.

He said that we should develop airfields at Grand Forks, Kamloops, and other points. We are developing all the airfields we need at the present time, or that we can afford to have at this time, and we are establishing them in the places which in our opinion are best suited for air-training, namely in the prairie provinces, where we will have eight additional airfields in operation, as soon as the work can be done.

The hon. member referred to civil defence, a matter which comes under the supervision of my colleague the Minister of National Health and Welfare, who will speak about this at a later time.

The hon. member for Cape Breton South said there was no brigade training area or camp in the maritime provinces, and that there was too much centralization. I have answered the question about centralization as it applies to defence establishments. I can tell him that we are looking for an area in the maritime provinces which will be suitable for large-scale training. At present the only two in Canada are at Petawawa and Wainwright, and both of them have cold winters and a good deal of snow. If in the maritime provinces we could find an area of more than one hundred square miles of suitable ground, which could be acquired at no great cost and without displacing too many people, and also with no valuable standing timber on it, we should be glad indeed to consider it. We have had officers looking into this matter since 1946, but they have not yet found a suitable area.

The hon. member referred to the question of men abroad not receiving dependents allowances. This was answered in the house on March 18, as reported at page 1373 of *Hansard*. We have tried to build up pay schedules by having pay rates which are equivalent to those in the eight leading industries of Canada, so that it will be unnecessary to have dependents allowances again. Should, however, the necessity become evident, that certainly must be considered.

The hon. member for Broadview said the reserve army should train as complete units. We believe that at the outset it is much more useful for the reserve army to go to camp and do individual training or sub-unit training, having all their housekeeping looked after for them. In this way the days they spend in camp can be spent in intensive training in weapons. That has been the view since the second world war, and that procedure will be carried on. However, as units achieve a standard in individual training where they can profit from unit training, then I agree with him completely. I can see also the advantage in having the unit, from the administrative and traditional points of view, and from the point of view of morale. As we pass through this period of acquiring trained officers, trained N.C.O.'s and a nucleus of trained men, we will do more along the lines of his suggestion.

The hon. member suggested there should be danger pay up in the front line. This is something they have had in the United States but, I think, not in other forces. The Canadian government has always been opposed to it. I think Canada's armed forces have been opposed to it. However, we are doing something in that regard. We pay an additional allowance to men abroad of $9 a month for privates, $12 for sergeants, $15 for W.O.2's and $16.50 for W.O.1's. So far $47,000 has been paid in this way to the forces in Korea.

The hon. member for Vegreville asked if it would not be possible for us to take in other than British subjects. I should say that an amendment was passed on March 16, 1951, to K.R. Canada concerning the qualifications for enrolment which now read:

> (a) be a Canadian citizen or other British subject; except that the minister may authorize the enrolment of a citizen of another country that is a party to the North Atlantic treaty if he is satisfied that the national interest would not be prejudiced thereby and if such enrolment is not prohibited by the law of such country.

As you can see, it is pretty restricted for security reasons. I must say that my military advisers are very strongly of the view that we should limit our armed forces to Canadian citizens or other British subjects. The same practice is followed in most countries. In Canada we are in a peculiar position in that we have a considerable proportion of our population of United States origin. They are just as loyal to the same causes as we are. We both move freely across the common border, and we thought it would be desirable to make some exception in their case, and other similar cases. After all, the twelve nations of the North Atlantic treaty are all in it together as partners, and we should accept each other's nationals in our services in so far as that can be safely done. I can tell the hon. member that that is the situation. If it

should be desirable to extend it, then we shall be very glad indeed to give the matter further consideration.

The hon. member for Three Rivers referred to the small number of French speaking officers in the three services. There is nothing I should like to see more than a larger proportion of officers of French origin in the three services. However, I do not agree that just because we do not have them we should promote men of any race who have not the required qualifications of experience, education or military bearing. It would be very desirable indeed if we could secure a larger proportion of men who were originally French speaking, and who would have the desire to make the service a career. At the present time we are doing very well at Royal Military College and Royal Roads. Twenty-five per cent of the cadets are of French speaking origin, and a good proportion of those are making the services their career. That is fine, and we would like to see more of them. But there is a considerable handicap involved in the service of a French speaking officer in the armed forces due to the fact that it is quite impossible to keep him and his family located in a community predominantly French and Catholic. When he moves away to secure promotion, to take a course or to take on some other job, then he is faced with the alternatives of either leaving his family behind in the community of relatives and friends who speak their tongue, or taking them with him to a community that may be predominantly Protestant and English.

I can mention cases that have come to my attention. In the course of promotion an officer with the rank of major in the army was transferred from the ordnance depot at Montreal east to a senior position at Calgary or Edmonton. He was faced with the necessity of taking his children from a French speaking Catholic school to an English speaking Catholic school, and his wife from the community of their friends to one where very few people spoke their language.

Mr. Harkness: We speak French in Calgary.

Mr. Claxton: Not all of you. One can understand the difficulties. It is a real difficulty, but I can assure the hon. member who brought up the matter that it is one which has our complete and understanding sympathy, and that we are doing everything possible to overcome it. In opening R.M.C. a couple of years ago I referred to this question particularly, and perhaps I might read a passage from my speech. I said:

> Since my appointment I have emphasized the importance of a knowledge of both English and French to all Canadians, but particularly those of the armed forces. Obviously an officer possessing both languages has an advantage in exercising leadership and command, in getting along with his fellows in peace or war, in access to additional knowledge and in work as liaison officers, military attaches and the like. The knowledge of both languages is a positive military advantage. Accordingly, French and English are both compulsory subjects at both colleges for the first three years. That, however, is not enough. I urge staffs and cadets to see to it that by one means or another they learn to speak both languages fluently before the end of their course.

In point of fact, as to every promotion list that is put before me for consideration I ask the officer concerned, the chief of staff of the service or his representative, expressly if there is not a French-speaking officer within the range of qualifications who, despite seniority, can be promoted. The fact is that the gaps sometimes are too big to be bridged. For example, at the present time we have two brigadiers in the army who are very distinguished officers. They are both destined for high places. They have magnificent war records and are relatively young. One is eleventh and the other is twelfth in in the list of brigadiers. One has seventeen years' service and the other thirteen. To promote them to major generals at the present time would be unfair to them because they would reach the age of retirement, through having achieved and held the highest possible ranks, before they had acquired sufficient pension to justify their retirement. These officers are doing very good work indeed. One is at the imperial war college in London, having exercised command in Quebec. The other is the deputy chief of the general staff in Ottawa. One of them is destined to be in command in Montreal very shortly. But at present Major General Morton is in command in Montreal, and he speaks French, but one of these officers will be transferred there on General Morton's retirement. I am afraid we simply cannot run three services the size of ours if we do not see to it that we make the best of our racial and linguistic position. I regard it as a positive asset that we should have officers of both languages in all three services, and I should like to see more of them.

The hon. member also suggested that a military college should be established at Quebec city. That has been considered, and we do not exclude it at all. At present, however, the cost of the other two colleges is very considerable indeed, and we are most happy to have the proportion of twenty-five per cent French-speaking students mixed in with the English-speaking students at Kingston and Royal Roads. We hope it will have a good influence in making both groups better Canadians.

The hon. member suggested that we should have ships manned exclusively with French-speaking officers and men. That might be desirable if we had a very much larger navy, but with our navy, which has a present strength of about 14,000, it is not economically possible to do so, even if it were desirable; therefore I am afraid we cannot do it.

I think the only remaining suggestion made was that of the hon. member for Peel with respect to the St. Lawrence waterway. We regard this as a defence project of immense importance and would like to see it proceeded with, if possible jointly.

Mr. Sinclair: I intend to speak very briefly, not so much on national defence as in order to correct a statement which, if permitted to go uncorrected, might have an effect on reserve recruiting. Yesterday afternoon I listened to most of the speech by the hon. member for Cape Breton South, but I was not in the chamber at the time he made this comment, which appears at page 2858 of *Hansard:*

> That man has a job; he is in a certain income tax bracket. If he joins the reserve army he will be paid $20 or $25 a month, which must be added to his income. That puts him in another income tax bracket. At the end of the year, instead of the reserve army paying him something, he pays Mr. Abbott something. He really loses in the transaction; he has drilled for nothing, because the money is taken back in income tax.

I want to start by saying that the hon. member is generally pretty well informed on his subject matter, but when I am through I think he will agree that in this case he was in error. It is quite a common mistake in this country to presume that when you cross into another income tax bracket somehow or other you are in danger of losing net income. I want to say quite flatly, before I give some examples I have prepared, that under our income tax system it is impossible for any person to work for extra income and suffer a loss of net income. Our income tax tables are designed to avoid that.

I am going to take one or two very simple examples which would apply to men in the reserve army. As hon. members know, in Canada a single man gets an exemption of $1,000 and a married man with no children an exemption of $2,000 from income tax. On the first thousand dollars of income beyond that in both cases the rate is 15 per cent, and most of these young reservists will be in that income tax bracket. This extra $20 a month, if it does not take him into the next bracket, as normally it would not, will be subject to tax at the rate of 15 per cent, or 18 per cent with the new surtax. So he will pay exactly the same tax as he paid before on his basic income, and in addition he will pay 18 per cent on the $20 or $3.60 a month, leaving him $16.40 tax free out of his additional earnings. That applies to both single and married men in the first income tax bracket. Let us suppose, whether he be single or married, he is right at the top of his bracket; that is a single man earning $2,000 or a married man earning $3,000, so the extra $20 a month he gets from the reserve army does carry him into the next bracket. In that bracket the tax is 17 per cent, but payable not on his entire income but only on the next thousand dollars. So he pays exactly the same income tax on his ordinary income, and on the extra $20 he pays 17 per cent plus the 20 per cent surtax or a total of 20·4 per cent. Therefore he pays the same basic income tax on his other income as he paid before. On this extra income, this $20 a month, he pays $4.08, and has roughly $16 left tax free.

I will even go to the extreme case, to show how it is impossible for any person to work more and suffer a loss in net income. Take one of those few but happy individuals in the very top income tax bracket, over $400,000 a year. In this bracket the tax is 80 per cent. Suppose he joined the reserve army and was paid this extra $20 a month. He would continue to pay his ordinary tax on his basic income. On the extra $20 he would pay 80 per cent plus the new defence surtax, making 96 per cent, so he would still have 80 cents left over and above his former net income. Of course in that case he would hardly be joining because of the incentive of $20. That leads me to the other point, which is based upon a statement made recently by the deputy minister of national defence. The small material incentive which would be given by cancellation of income tax on this reserve pay is not sufficient to induce any extra recruiting, in the opinion of the deputy minister given just last week. Again I repeat, just to correct any misapprehension which might have gone abroad, that a recruit in the reserve army cannot possibly lose financially by joining up, no matter what his base income may be and no matter what brackets he may cross. Certainly in low brackets he will have the great bulk of his extra income left to him, in addition to his ordinary net income.

I do not intend to speak on the question of income tax on those in the armed services, because the Minister of National Defence has pointed out that the Minister of Finance will deal with that matter when the income tax resolutions are before the house. I have been reminded, however, that in the years before I was a parliamentary assistant I made a speech on this matter when I was just home from overseas, and it reads very much like the speech made by the hon. member for Broadview yesterday. I have not changed

my opinion very much on that matter. I think the proper way to pay for the extra hazard or danger of front line service is not by the remission of income tax but by extra combat pay. That was the American practice, and in my experience it was the British practice. In R.A.F. service in Libya we did get extra pay not only for the theatre of operations but also to make up for the fact that our living quarters and food certainly were not the same as those of the soldier back at base or in Canada. I suggest that the proper attack to be made on this problem is not by suggesting the remission of tax. The Minister of National Defence put his finger squarely on the issue. When you talk about the remission of income tax for those in the armed services it is not the private you are going to help; it is the high ranking officer. If the difference in what the private soldier would pay in income tax were regarded as the base for combat pay, I suggest that combat pay would be a very small item indeed. However, that point will be dealt with by the Minister of Finance when the budget resolutions are considered. All I want to do is emphasize that under our taxation system it is impossible for anyone, soldier or worker, who chooses to work extra hours to earn extra income to be left as a consequence with less net income. He cannot help but gain if he works more.

Mr. Fulton: I was very interested in what the parliamentary assistant just said with regard to combat pay and related subjects. I had not intended to deal with that in my remarks this afternoon, but since the hon. member has raised the question I just want to say that like him and probably every other member here who had the privilege of serving in either of the two wars, I think the feeling is universal that the proper man to receive trades pay or extra pay, if extra pay is to be given for extra service, is the man who carries the rifle, the man who operates the gun in the aircraft, or who mans the gun on the fighting ship.

I know this is a difficult subject, but by the very nature of things skilled tradesmen—probably not from their own choice—have to work under conditions and circumstances where they are not near the actual battle front. As a result trades pay is much more prevalent in rear areas and workshop areas. I do not deny there is danger in some of those areas, but as a rule trades pay is more concentrated in areas where the danger is not great than in danger areas, where there is little trades pay. I certainly feel this subject is one that requires careful consideration. Now that our troops are once more in actual battle, I think we might give some consideration to whether the trained rifleman should not receive some form of trades pay. I should think it would be possible to work out some scheme under which a man who qualifies to meet certain tests as a first-class infantryman with a rifle battalion, and similarly in the other services, should receive something in recognition of that fact. If it is right to give trades pay to a man who is trained to maintain vehicles, I think we might consider whether we should not also give trades pay to men trained in maintaining their profession as fighting soldiers.

It is quite obvious from the discussion that has gone on so far that all parties in the house are in agreement on the need for an expanded and accelerated national defence program. But the agreement on goals need not, and in my view should not, preclude honest disagreement on methods and interim objectives. No one denies that all the free nations are in peril of momentary Russian aggression. No one in this house denies the necessity for the enlarged defence program, and the raising of additional forces recently outlined by the minister. It is not correct to say, however, that to question either the adequacy of the over-all program or the efficacy of the methods being followed is in any way to impede the war effort. Such an argument I reject absolutely. What is needed is a measured examination of the whole program as announced, to see if it is adequate to meet the peril, and to see whether the methods being followed will, in fact, enable accomplishment of the program laid down by the government. If we believe there are doubts on either score, we must say so. National defence is too serious to fool around with. Personally, I have doubts on both scores.

First, as to whether the program announced by the government is adequate to meet the requirements of the situation: I intend to make no criticism at this time of the extent of the commitments presently laid down by the government which may be generally summarized as being, in the army, two brigades for overseas—one in Korea and one for Europe—and one airborne brigade for home defence; for the air force, forty operational squadrons, of which eleven are destined for Europe; in the navy, a general force of one hundred active ships. Whether or not that figure is intended to be one hundred fighting ships, I have not yet been able to gather from the minister's statements. If there were one hundred fighting ships, then we are obviously going to have many more ships than that in service in the navy, but the only figure it is safe to mention at this

time is the one hundred ships in commission in the navy when our objective is reached.

I fear that it will not be possible adequately to fulfil and maintain these commitments within the limitations now governing our forces, that is the limitation of 115,000 service personnel by 1954. I believe it will be found either that the commitment must be reduced or the number of personnel increased, or we shall run the danger once again of inadequate support for our forces when they are engaged in operations.

Before stating my reasons in detail for this criticism, I think it is interesting to take a general look at our military commitments in terms of those of other countries, particularly of the United States. As I said, at this time I am making no criticism of the size and the extent of our commitment. But I think it does help us to keep a sense of perspective when we are discussing national defence just to look at the extent of the commitment of our ally. I realize also it is not strictly accurate to say, because another country has a population ten times that of our own, that we should necessarily, therefore, be able to put forth an exactly proportionate war effort, that is one-tenth of theirs, because there are many other factors which intervene. But when we are comparing population figures, it does seem to me it is an indication of the proportional effort of the two countries.

When we are considering this matter then, we find that the United States, with a population approximately ten times that of Canada, has as its goal of serving personnel in the armed forces—I understand that is what we would call active forces and does not include the national guard—3,500,000 men. According to my understanding they expect to reach that goal this year. Our active service personnel on a strictly proportionate basis would be one-tenth of that number or 350,000. Now, I have said that a strictly proportional relationship may not be possible because the United States has admittedly a more developed economy, but in terms of serving personnel it is an indication. We must bear in mind the fact that our goal is 115,000 service personnel by 1954; that is, our target is something less than one-third of what it would be if we were to achieve a goal on a basis exactly proportionate to that of the United States. And that in three years' time.

Then, Mr. Chairman, for the purpose of a detailed consideration of whether we can meet our commitments within the target strength of 115,000 service personnel, it is interesting to compare our effort and strength in the last war with our announced commitments and proposed strength under the present program. If you will remember, Mr. Chairman, during the recent war Canada had five divisions in the field as a fighting force, three infantry divisions, two armoured divisions and two independent armoured brigades. Taking the equivalent of three brigades per division, that is either infantry or armoured brigades, and the equivalent of a brigade of artillery, one might say roughly that you had four brigades per division or that five divisions would give you the equivalent of twenty brigades plus the two armoured brigades which would make twenty-two. In making this comparison, I think it is only proper to bear in mind, of course, that there were reconnaissance regiments, as well as corps troops, who actually did fight although they were not included in any of the divisions or independent brigades.

I believe it would be a fairly generous estimate, and would form a fair basis of comparison, instead of taking twenty-two, the strict mathematical computation, to say we had the equivalent of thirty brigades within our five divisions and two independent brigades when we include reconnaissance, corps and army fighting troops. During the war of 1939-1945 to maintain a fighting force equal to thirty brigades took 495,804 men. Then three brigades, which is our present commitment, on the same basis would take approximately 49,580 men to maintain them. That figure of 49,580 would mean that the army alone would require a strength of nearly half the total planned strength of 115,000 which is to cover all three services.

Actually there has been an announcement that it is the intention of the government, with respect to the brigade for Europe, to rotate that brigade on a basis which the minister outlined. You cannot, therefore, just look for a brigade for Europe. Leaving out altogether the necessity of reinforcing either the brigade for Korea or the brigade for Europe, should hostilities occur there, we are committed to that rotation of the force. I believe I am correct in saying that at no time during the last war were we ever committed to a policy of complete rotation of service personnel. Since we are going to have to rotate the brigade in Europe, it would automatically follow that in fairness some provision will have to be made for rotating the brigade in Korea. You cannot, therefore, just take a figure of three brigades. It seems to me you have to take a figure of

more like five brigades which we shall have to be able to maintain on the basis of the commitment the minister has laid down.

On a comparative basis—and although this I admit is not strictly accurate nevertheless it forms a basis on which to judge—taking the figures as to what it took to maintain that number of brigades during the 1939-45 war, to maintain five brigades or their equivalent at this time would take approximately 80,000 men. That is, I repeat, for the army alone.

When we come to the air force, a similar comparison is even more startling. It has been announced that our program calls for 40 squadrons. During the last war, at its peak, according to official figures which I have been given, the air force had the equivalent of 78 operational squadrons. That figure was reached in 1943. At that time, again according to the official figures, the air force's maximum strength was 209,803. Here, of course, comparisons are perhaps even more difficult to make; but I think that a comparison should be made for the purpose of discussion.

During the last war we had a number of bomber squadrons. I understand that we are to have no heavy bomber squadrons under the program now envisaged, so that one would have to make adjustments for that differential, as a bomber squadron takes a much higher proportion of men than does a fighter squadron. The official air force figures show however that even with the bomber squadrons overseas only approximately one-third of the air force personnel overseas was engaged in bomber activities. We therefore do not need to weight the comparison too heavily as a result of the fact that this time we eliminate the bomber squadrons. On the basis of a straight mathematical comparison, if there were 78 squadrons at the peak of strength, and a total of 209,800 men to maintain that number of squadrons, therefore 40 squadrons—again on a straight mathematical basis—can be said to need 117,000 men. That is for the air force alone.

Let us for the purpose of argument make a heavy cut because there are to be no bomber squadrons under the program that is now envisaged. Suppose you want to take a third off that figure. That still leaves between 75,000 and 80,000 which might be considered as being required to maintain that 40 squadrons, unless we are to say that the use of manpower during the last war was excessively prodigal. There are, of course, other reasons why the comparison must be carefully made. We are going to have only 11 squadrons overseas at this time, whereas a large portion of our effort last time was in Europe.

But, Mr. Chairman, we are committed to keeping 11 squadrons in Europe under this program, and again, since the intention has been announced of rotating army personnel in Europe, I can only presume that, in fairness, the same intention would apply with respect to air force personnel. You are therefore committed to an 11-squadron force in Europe on a rotation basis; so that even if it is necessary to be extremely careful in making your comparison between these figures and the figures of the last war, because of the absence this time of a bomber effort, nevertheless your figures are weighted back again because you are committed to maintaining a substantial part of your force in Europe on a rotational basis.

Taking then the mathematical calculations alone, one would have a figure of some 190,000 men for the army and the air force, on a comparative basis. Giving it then all the care and the weight which must be attached to the fact that our effort is not as all-out at the present time as it was in wartime, nevertheless I think it is quite safe to say that the ceiling of 115,000, if it is not going to be exceeded—and I would certainly think that it will have to be exceeded—would certainly have to be stretched to the limit to maintain the commitments to the extent outlined for the army and air force alone; and the figures that I have given take no account of our naval effort.

In this connection I think we should also consider the physical problem of actual reinforcements. We have to bear in mind the fact that our men are fighting a war in Korea. For international political purposes it may be called police action or it may be called the restraint of aggression. It makes no difference what political name we give to it; to the men on the spot it is a war; and by anyone dealing with the problem of maintaining that force and reinforcing that brigade, it must be dealt with on the basis of a war. One is therefore surely entitled to look, and should do so, at the figures of the last war for some basis of comparison. Official figures for a comparable theatre can be found in the figures of casualties during the Italian campaign during the last war. I think that Italy would be a more comparable theatre than northwest Europe because of the factors of disease and so on, which would be more nearly similar in the case of Italy and Korea than they would be in the case of northwest Europe and Korea.

The figure for our non-battle casualties for the Canadian component of the allied army in Italy for one year, namely 1944—and I point out that these are non-battle casualties alone—was 38,973. The approximate average monthly strength of the Canadian component was 72,000. So that of the total average strength in the theatre for a year, one-half were non-battle casualties. The rate of casualties of all types—that is, battle as well as non-battle casualties—was 61 per 1,000 per month which, it would seem to me, means a figure of 720 over a 12-month period. With the casualty figures being worked out on this basis, and that is the only way we can arrive at it, it would seem that 720 or seven-tenths would be casualties, either battle or non-battle, in the course of a 12-month period. The provision for reinforcements must surely be based on the anticipated casualty rate, which must take in casualties from all sources and when you look at the figures for the last war, you can see that the problem of reinforcing the Korean brigade is a heavy one indeed, when you realize that in Italy the non-battle casualties for a year amounted to a total of one-half of the total actual strength in the theatre.

In this connection there is an interesting statement by Brigadier Rockingham, commander of the Canadian brigade in Korea, as reported in a Canadian Press dispatch which appeared in the Montreal *Gazette* of April 19. It is dated Fort Lewis, Washington, April 18 and reads in part as follows:

> Brig. John Rockingham said today Canadian casualties in Korea likely will be higher than they were in Italy and Normandy.
>
> He told a press conference on the eve of the 6,000-man force's departure from nearby Seattle for Korea that if a commonwealth division is formed in Korea, Canada might have to send additional troops to that war theatre.

When one bears in mind the reports that you have, Mr. Chairman, as to what I might call generally sanitary conditions in Korea, I think it is highly likely that what Brigadier Rockingham said will be realized, taking into account the non-battle casualties alone; and, these, as the figures I have placed on the record will show, are equal to, if not greater than, the battle casualties, but they have just as great an effect from the point of view of wastage of forces. If then approximately half the average strength in Italy were non-battle casualties during the course of a year, and if with battle casualties included your average rate was 61 per thousand per month for Italy, and with the likelihood that it will be higher in Korea, then I suggest these figures show that we need to take a second look at the manpower problem confronting this country in the light of the present program outlined by the government and the commitments which we have accepted.

We cannot afford to say to ourselves: "Let us not get excited, because this is peacetime; we cannot put forth an all-out effort." I am convinced, Mr. Chairman, that we shall be doing a disservice to the country, a disservice to the men who are fighting in the forces now, and a disservice to those whom we are asking to volunteer if we do not face these facts and have a full and frank discussion of the implication of these facts, and we shall be horribly guilty if we ever again run even the risk of a situation arising where men are committed to battle and we suddenly find we have not got the resources, nor have we planned and prepared to have the resources in manpower immediately available adequately to maintain these troops, we simply cannot take that risk, because men are now fighting and dying in Korea. Also bear in mind this, which I will refer to again in a few moments —we are asking men to enlist to go to Europe. There is no fighting in Europe at the moment, but these men will have to be ready to meet an enemy, and a fully trained enemy, at any moment. That is why they are being sent there. This house is not entitled to regard the recruiting of a brigade for Europe as merely another aspect of a peacetime army. That brigade is being trained and raised to send to Europe to take its place in the line with our allies in the North Atlantic organization, ready to resist aggression at a moment's notice—and a moment's notice is all they will have if the Russians should ever make the fatal decision to start the next world war.

When we look at our figures of recruiting I do not think we can find there a basis which would even entitle us to agree with the minister that the recruiting figures show that his program of 115,000 men in the three forces will be completed in a year and a half. The minister drew that conclusion from the figures of recruiting at the present time. It seems to me they show it would take over two years at the best, because although it is true enough that during January, February, March and April the average increase in the three services was over 2,000 a month, it is significant to note that during the month of April the intake was substantially less than it was during the previous month. It is also significant to note that it was higher in January, less in February and it was less again in March. The net intake for April, or an estimate of it, was given by the minister in his statement on May 8, and we find that the estimated over-all increase for that month was still less than it was the previous month.

Let us look at the trend. In January the net increase of the three services was 2,642. For February it was 2,173; for March it was 2,075. Does the minister remember what the figure for April was?

Mr. Claxton: It was 1,934.

Mr. Fulton: For April the estimated increase was 1,934. Therefore the figures show a steady decline during the first four months. I realize that does not take into account the increase which will certainly be shown as a result of the announcement of the drive to recruit a special brigade for Europe, but the over-all trend was down steadily. That, Mr. Chairman, is a trend that will have to be reckoned with. That of course is the normal trend with respect to recruiting in the forces; that the winter months are the high months. Then, as we get toward the summer, they decrease, and particularly in the case of this country we must accept that, with the competing claims of industrial defence production, and particularly as that program is stepped up, there will be a tendency toward a greater increase in the downward trend of the recruiting figure.

Even if we take it that the average of 2,000 a month will be maintained, which seems to me to be making an estimate at a higher figure than the circumstances justify, when the minister made his announcement on February 5 we had 50,000 personnel to raise for the three services in order to achieve the program—fifty thousand at the rate of 2,000 a month. Even if that rate were maintained it would thus take 25 months to reach the objective, or just over two years. Therefore I cannot see that the figures, as they are at the present time, justify the minister's anticipation that the program will be completed in a year and a half.

Furthermore, when one looks at the experience of the Korean brigade, which shows that approximately something over 10 per cent of the new recruitment had to be discharged or released even before the brigade ever left the continent, it certainly shows that the present recruiting policy and the policy of suddenly rushing into recruiting drives and putting pressure on is not an efficient one, is not the way in which any country should approach this problem of raising forces, because it is unscientific and unsafe, because it is inefficient and expensive.

All this, Mr. Chairman, leads me to the conclusion that we need to take a second look at our manpower policy. I certainly wish to support the suggestion that has been made in this debate by one or two speakers who preceded me, namely, that we need right now a national registration put into effect in this country.

The minister has said that we have a three-year program, but he himself has admitted that it does not rest with us to determine whether we shall have three years to complete that program. It rests with the Russians, who are the only potential aggressors. The implications as to whether or not we are going to be able to fulfil our commitments within the present limitation of 115,000 for the forces—I have dealt with the implications inherent in that problem—the implications inherent in the question of reinforcements and the rate of casualties in Korea, the implications inherent in the necessity to rotate the brigades in Europe and Korea, and the eleven squadrons of air force in Europe, plus the implications inherent in the tremendously high proportion of discharges from the Korean force, even before they left this country, particularly when this is reinforced by the fact and sober realization that we may not have three years, but may have only three months or less—all these implications, it seems to me, point inescapably to the conclusion that we must prepare now to meet the worst. And the only way we can prepare to meet the worst is by having a survey of our manpower, by national registration, and by preparation now to put into effect those measures to raise the forces which I believe may be necessary even without an act of aggression by Russia, but which will certainly become necessary the moment Russia commits an act of aggression.

Mr. Chairman, my own view as to the only proper, the fair and the safe way in which to raise a force to go into battle has been expressed already, and I think it does not need amplification. I am now trying to approach the problem within the limitations of the program laid down by the government, and trying to show that within the limitations of their own program it is necessary for them to take a second look at the whole problem.

I think that can be seen in a clearer light when we examine the methods now being followed to raise the brigade for Europe. In my view the wrong method of recruiting is being followed. I do not consider it fair to ask men to volunteer to discharge a national duty. I do not consider it fair, nor do I consider it safe or efficient. And I press this again, particularly in view of the fact that these men are asked to go to Europe to take their places in the line, where they may be called upon to meet a highly trained and ruthless enemy at any time.

I have already referred to the example of the inefficiency which was necessarily inherent in the sudden, rushed and unscientific recruitment for the Korean brigade. Let me make it perfectly clear that I believe absolutely, and I am happy to believe, that the Korean brigade as it finally sailed for Korea was among the most efficient and most splendid, if not the most efficient and splendid that had ever been raised in this country—but at what a tremendous cost, in the matter of weeding out men who should never have been allowed to join it in the first place, as the result of a haphazard program of recruitment!

As I have said, these men are being asked to face the possibility of imminent war in Europe. I do not consider the method being followed of raising the brigade is the fair, the safe or the efficient way. Then, apart from that question, there are one or two other features of the present method of recruiting the brigade for Europe which, I suggest, should be examined. I realize it was extremely difficult to find a satisfactory compromise between the various factors the minister outlined for us when he announced the method to be followed in recruiting that brigade, having as a basis the reserve units across the country. He said we had to have a compromise between choosing three main units only and getting proper geographic representation. Those were among the factors considered.

The decision was arrived at to raise three battalions, one of which would be a highland battalion, one a straight infantry battalion and one a rifle battalion, and to give fifteen various reserve units the opportunity to recruit men for that brigade. As I understood the minister's statement, one of the advantages which were to flow from this method was the preservation of the regimental spirit—an objective with which I agree one hundred per cent.

But I think we should consider seriously whether in fact the method being followed will not actually defeat the objective. I wonder if it is going to be possible, when we have five different companies in a battalion wearing, as I understand they will wear, different regimental insignia. That is to say, a company of the Canadian Highland Regiment recruited by the Seaforth Highlanders would wear insignia different from a company recruited from the Canadian Scottish—that was my understanding, and I would ask the minister to correct me if I am wrong.

Mr. Claxton: Shoulder badges.

Mr. Fulton: Different shoulder badges—it does seem to me it will be very difficult when there are companies within a unit competing, as it were, on the basis of prior regimental affiliations, to build up a unit spirit, such as our whole Canadian army tradition has shown is so important and counts for so much in the winning of battles. Because not only will companies now have that proper spirit of competition and rivalry based upon a competitive spirit as between, let us say, A company and B company, but there will be the other aspect introduced when it will be pointed out that A company used to be a company of Seaforth Highlanders whereas B company was Canadian Scottish.

Then there is the problem of transferring from one company to another within the same unit. The person involved would have to take down one set of shoulder flashes and put up another. It seems to me this would create a situation wherein the unit commander would find it exceedingly difficult to build up a proper unit spirit.

Then in addition we have the condition the minister outlined whereby other reserve force units will be asked to recruit reinforcement companies for the brigade, thus, as I understood him, further achieving the desired objective of maintaining the unit spirit and the regimental tradition. Again I believe the practice will defeat the objective. Because it seems to me that with a company of reinforcements raised by a battalion which is not a component company of the initial battalion of the brigade, and presumably wearing the shoulder flashes and the regimental insignia of their own unit during the time of their formation, coming into the battalion of the brigade and having to join companies with shoulder flashes different from that of the parent battalion of the reinforcement company, chaos and confusion would result, as well as a distinct feeling of let-down by the men, when they came in as members of X regiment and were then sent to one of the companies of the particular regiment and had to put up some other type of insignia.

The Chairman: The hon. member has exhausted his time.

Mr. Fulton: It seems to me that this problem may well create a situation where the unit commander may find he cannot allow this form of affiliation to exist, and he may have to say, "You will now regard yourselves as members of the first Canadian infantry battalion"—the first "Canadian infantry battalion" we have had in the history of the Canadian army. So that the very thing you are trying to preserve, under the system which has been adopted, may make it essential to disregard and to discard all unit

affiliations, and we may thus be defeating that which we are trying to preserve.

Mr. George: Mr. Chairman, I shall confine my remarks to the reserve army, with which I am more familiar. First of all I should like to relieve the minister of his worries about camp sites. I am sure we have two excellent camp sites in my riding, and I would ask him to come and look them over some time. The reserve army has certain and distinct roles. They are not the roles that seem to be in the minds of most speakers today. The first is aid to civil power. The second is to have all their officers, W.O.'s, and N.C.O.'s fully trained, together with as many men as their equipment and facilities will allow them to handle, and to have them as fully trained as possible. The third role is for use and availability in case of a national emergency. The role of the reserve army is not that of occupational troops.

Let us deal with these points in order. The reserve army has been called out in the past to aid the civil power, and their work has been very effective. This is one of the roles that we all dislike, and fortunately very few of us have been called upon to perform such service. Briefly, to call out the reserve army as aid to civil power, the attorney general of the province concerned must make application to the federal government for the necessary troops. If authority is granted the troops are called out and the cost is paid by the province concerned.

The second role is the one with which most of us are fully acquainted. It is to have 100 per cent strength of officers and N.C.O.'s and from 50 to 100 per cent of other ranks as fully trained as possible. Many units have all their officers, W.O.'s and N.C.O.'s fully trained. That is the case in my own unit, the 8th Princess Louise's (N.B.) Hussars, which I have the honour to command. We are up to strength in officers and N.C.O.'s, and they are trained. We have a strength of around 650 all ranks although the other ranks are not all fully trained. About 30 per cent of the war establishment, in other words, 30 per cent of our total strength, are qualified.

The percentage of qualified personnel in units depends entirely on the type of unit to which they belong. In an armoured regiment, for instance, 75 per cent of the personnel are tradesmen. We find that it takes a minimum of three years to train these tradesmen. This tends to keep down our percentage of trade personnel compared, for instance, with an infantry regiment which has a lower percentage of tradesmen. These reserve units are to be available in case of war. They are not to go immediately into battle, but to be mobilized, fully trained and equipped within a reasonable time to take part in the defence of this country, whether it be in Canada or on foreign soil.

In cases of national emergency such as the Winnipeg flood last year, certain units of the reserve army were called out, and they did an excellent job. As I said before, the role of the reserve army is not occupation, and it could not be expected that reserve units should be sent to Europe or other foreign countries purely in anticipation of hostilities breaking out. We have not considered that one of the roles of the reserve army should be that of supplying personnel to what we know as permanent force units. That does not apply to the special or 27th brigade. Reserve army personnel are all employed in civilian occupations, and they do their training on holidays, week ends and in the evenings. Any move to mobilize complete units, except in the case of a national emergency, could be disastrous not only to industry but to the units themselves. However, I am sure that if any of the reserve army units were asked to mobilize today they would do so.

The minister's announcement of last Friday that the brigade for Europe was to be raised from and by the reserve units is in my opinion a fine idea and will ensure sufficient personnel being enlisted. Reserve army units will take pride in having sub-units in other larger formations wearing their badges, flashes, ties, and so on. The raising of the brigade by this method will not disrupt industry, and it makes the reserve army feel that at long last they are considered part of the defence forces of this country.

It has been said in this debate that the enlisting of personnel from and by the reserve army will weaken the reserve units. This no doubt is true in part. However, when the special brigade for Korea was being mobilized some time ago something over sixty of our personnel enlisted in the special force. In addition, we supplied a complete troop including tradesmen to the R.C.D.'s. This actually did cut down our strength and reduced the number of our tradesmen, but the unit was recruited back to its former strength and by putting on a number of courses ourselves we qualified more tradesmen than we have ever had before. In fact we now have 132 qualified tradesmen trade tested by an active force trades test board and drawing trades pay.

Some of these men are enlisting. The training which the reserve army has given them will mean that they enter the active force

drawing trades pay, and the country will reap the benefit of the training they received and the money spent on them. While it reduces the number of our tradesmen we are very proud that they are doing so. We do not feel that we are being weakened by supplying recruits for the brigade. Actually we feel that it is a challenge to the reserve army to supply these men and then to get busy and replace them.

It has been said, and rightly so, that there are no poor units in the army; there are only poor officers. I have attended many conferences and meetings where reserve army officers deplored what they thought were the conditions in Canada with respect to the reserve army. If the officers are not prepared to back the idea of the reserve army, then they cannot expect their troops to be enthusiastic. I feel that the success of my own unit was due entirely to the enthusiasm of the late commanding officer, and this enthusiasm was contagious to such an extent that not only the officers but all ranks had it. So many people feel that the government and the country owe them a living, and I am afraid that has been the attitude of many in the reserve army. They felt that the government should introduce compulsory military service and thus relieve them of the additional work and initiative which would be required to build up their own units. I feel this situation will disappear pretty well as a result of the government's move to recruit from the reserve army, and in putting the responsibility on the reserve army to supply the troops. The hon. member for Broadview spoke yesterday, and at page 2860 of *Hansard* he is reported as having said:

> From my observations, I would say that the great majority of reserve units would not, on an average, parade more than 25 per cent of their authorized strength, and a large part of the numbers on parade are made up by the band.

I am sure the hon. member appreciates the problems of the reserve army because he is a part of it. I did not feel, however, that a general statement like that should be allowed to go unchallenged. It gives a false impression to the general public, and as a result of such statements the general public tends not to hold the reserve army in too high repute. In the first place, the relationship between the number of men on strength and the authorized war establishment is not important. The important factor is what percentage of the men on strength turn out. How many non-effectives has a unit? Unfortunately we have all had too many, but we are gradually getting rid of them.

This afternoon the minister said, and I would repeat, that it is not necessarily the

idea of the reserve army to be up to strength. I would like to give one instance, and I hope the committee will bear with me if I refer to my own unit, because after all it is the only one I know. I inherited it; it must go on, and it is going on. Three weeks ago I went down to attend a church parade. My unit is spread out over a radius of eighty-five miles. For that church parade we brought them in to the number of over two hundred, plus the band; and I am sure the hon. member for Broadview did not mean to imply that bands were not important parts of the units.

Tradition, as we all know, is one of the things that contribute to a good unit. All reserve army regiments in Canada have a long history of which they are proud, but I am sure that some of our traditions should go by the board; some being carried on today are ridiculous. On the other hand we have some good traditions which should be retained. I feel that we should make new traditions, after careful thought, and carry them on. These traditions revolve around the badges, colours, battle honours, mascots and many other things. To those interested in reading about tradition and how it is affecting units I would recommend the May issue of *Mayfair*. On page 43 appears an article by Allister Grosart entitled "All regiments of the reserve are uneasy." Mr. Grosart has written a very good article on the history and traditions of reserve army regiments, and he sums it up by suggesting that one of the greatest mistakes we could make would be to adopt the United States system of numbering regiments. Some of us remember the way armoured corps regiments were numbered during the war. I remember very well when it happened, and it caused more dissatisfaction than any other single thing I can remember. Today we have reverted to our own names, and have dropped the numbers. It was with great satisfaction that I learned the Minister of National Defence had denied rumours that regiments were to be numbered, and said they would continue with their traditional names.

We all appreciated the tribute paid by the hon. member for Nanaimo to the Gloucestershire regiment. Our own regiments have their traditions, but those of the Gloucestershire regiment go back much further. I came across an article dealing with the traditions of that regiment, which had this to say:

> The battalion was surrounded for three days and nights, stubbornly fought off the enemy from all directions, and finally the remnants cut their way out. It is an inspiring story, but most interesting is the point that the Glo'sters have done it before, 150 years ago.

That incident occurred on March 21, 1801, at Alexandria, when Napoleon was making his bid to conquer the east and the British were stopping him. I need not go into detail except to say that the Glo'sters were surrounded at that time also; and ever since they have had the privilege, unique in the world, of wearing two badges on their headdress, one in the front and the other at the back. I contend that tradition is a wonderful thing and is one of the ties that help to bind a good unit together.

There has been some criticism that the reserve army has not had sufficient equipment with which to train. As the hon. member for Nanaimo so well said the other day, no good officer ever has enough equipment, men and material with which to train or fight. Most reserve units have sufficient equipment. In the case of my own regiment there is nothing we need in the way of training equipment, neither do we lack accommodation or training areas. Perhaps we are more fortunate than many others, but even those units without sufficient accommodation have been able to carry on. All equipment and accommodation is useless without enthusiasm to make it work. I was surprised to hear the criticism yesterday that we have no tanks with which to train personnel. It is quite true that we have not the latest tanks coming off United States assembly lines, but the Sherman tanks we have were the best on the allied side at the end of the war; and like machine guns, if you learn one tank you learn them all. After that it is just a matter of a short course, and your men can go right on with them. So I do not believe this criticism is well founded.

It has been suggested also that reserve army regiments should train as units. This is practically impossible when there are a great many tradesmen in the unit. Like most reserve units, we like the school system we have been working under for the last three years. Units go to a camp such as Petawawa and everyone from the colonel down is put on a course. We have no housekeeping duties, and everyone goes home better trained. There is sufficient authority for special courses and exercises so commanders may exercise their units and get their administrative people into their jobs any time they wish to do so.

One of the mistakes that have been made in the reserve army, and we also made it, was recruiting numbers instead of quality. A large nominal roll does not in any way indicate a good unit. We found that by getting good types of soldiers we increased our efficiency and were able to qualify more tradesmen, and at the same time we built up a better reputation. The reserve army has the big job of selling public relations, and that is important. Troops who do not behave give us a bad reputation, but fortunately such cases have been rare.

The reserve army has a few problems, too; everything is not perfect. I do not think it would be wrong for me to bring some of those problems to the attention of the house. Between the wars we had what was known as the transportation grant, which worked out in this way. A soldier was allowed to bring his car to local headquarters training and receive mileage for it, provided he brought three or four other troops with him. In other words every man who had a car assisted in recruiting and in having a good turnout for parades. This was discontinued in 1946; today we have to use army vehicles to transport troops. These vehicles are not sufficiently winterized to be comfortable, and I sometimes wonder why the troops continue to ride in them in cold weather. Then in rural areas like ours it is too expensive to send a large truck a long distance for perhaps two men. I feel that we should have mass transportation by army vehicles and local transportation for local headquarters training mostly by private cars. I believe one of the most important things the department could do for the reserve army would be to restore this transportation grant. The reason given for taking it away was the increase in pay we were given at that time. I fail to see how the increase in pay was related to the transportation grant, unless it was in the over-all cost of the reserve army.

I agree with the statement by the parliamentary assistant to the Minister of Finance with respect to income tax and danger pay. I need not repeat it, because I think the hon. gentleman put it very well; and I believe that is the best solution that has been advanced so far. Today all units in Canada are having trouble finding sufficient pay for the handful of people who run them. We are allowed sixty days' training time, forty-five days at local headquarters and the remainder at summer camp. In addition there are special training exercises for which authority may be granted, and also ten days' administration pay.

Now, Mr. Chairman, I am sure that no one wants to tie a dollar sign to the reserve army. Money cannot buy a reserve army. It cannot buy the loyalty, initiative or anything else it takes to make a reserve army. However, I do feel that personnel should not be asked to train and work without receiving pay for the time spent. Unfortunately, we have to talk about money in these days. Instead of turning

the pay back to the unit, as we used to do in the old days between wars, the men now need that money. It is a fortunate thing the government has a reserve army of this type. There is not enough administrative time to pay the handful of people who must administer the regiment. It is not like active service during the war where you can have the adjutant publish an order, and a short time later find the troops on the parade square. Every parade, every special exercise, means a terrific amount of work for those administering the regiments and sub-units. There seems to be a feeling among some that reserve army units can administer themselves within the ten days which is allowed. It cannot be done. I feel that the department should recognize the situation and deal with it accordingly on an administrative basis rather than on a training basis. It should not be granted arbitrarily, but as a matter of need.

At this time, Mr. Chairman, I want to pay tribute to the active force officers, areas, and commands of the army, for the co-operation which they have given the reserve units during the last several years. Without their co-operation, none of the units could have functioned. We have found that the active force officers will spend any amount of time and energy in assisting units with their problems, and in helping them to avoid pitfalls. This is so different from what we knew in the old N.P.A.M. days that I wanted to put it on the record.

Mr. Claxton: Mr. Chairman, I am sure the committee would be glad to learn that the 8th Princess Louise's (N.B.) Hussars commanded by Lieutenant-Colonel E. W. George, who happens to be the member for Westmorland, achieved its quota on the day business opened, Monday last.

The Chairman: Shall the item carry?

Some hon. Members: Carried.

Mr. Drew: Mr. Chairman, the way that suggestion is made that this item carry at this stage is to me, in itself, one of the most alarming things connected with this debate. This one item covers a total of $1,412 million, and this is the item that, it appears to be suggested, members might pass without more information than they have at this time.

Mr. Knowles: It is more than all the rest of the estimates in the book put together.

Mr. Drew: Yes, more than all the rest of the estimates combined. May I point out that we are referred to what are mistakenly called the details at the back of the book. These details, so-called, commence at page 269. Let us see just how useful these details are, from the point of view of any hon. member who is assuming his responsibility here now of passing on hundreds of millions of dollars and placing that burden upon the Canadian taxpayer. Do not let anyone raise the suggestion that anyone is questioning the necessity for effective national defence. The more necessary that becomes, however, the more necessary it is that every member in this house take some steps to make sure that every dollar spent is being spent to the best effect, and that we are going to get results from this money; that we are not going to have the same failures that have occurred year after year in the past.

Let us look at these so-called details on page 270. Under the group of naval estimates, we find one single estimate described under the heading of details, "materials and supplies, $60,189,708". Now, that may be what the Minister of Finance is laughing at so loudly, but the taxpayers of Canada are not laughing so readily at this item. These things do require some consideration, and the flippant manner in which the Minister of Finance regards an item of that kind is a test—

Mr. Abbott: On a question of privilege, Mr. Chairman, perhaps I should apologize to the hon. member, but I did not happen to be listening to him. I was speaking to my parliamentary assistant about something else.

Mr. Drew: Mr. Chairman, the minister was laughing and chuckling, and it is interesting to note that he does not regard this discussion as sufficiently important, although he is the minister responsible for raising hundreds of millions of dollars for these items, which are not even given in sufficient detail for anyone to guess what they really are —

Mr. Abbott: It is only now that I thought perhaps I could stop listening for a few minutes.

Mr. Drew: It merely indicates the smart-aleck attitude of the Minister of Finance. First of all, he said he was not listening but was laughing as a result of a conversation with his parliamentary assistant, and now he says he is laughing because of the statements that are being made on the floor. It is a measure of the responsibility being assumed by this government in regard to these huge expenditures at this time.

Mr. Goode: On a question of privilege, Mr. Chairman, may I point out —

Mr. Drew: Mr. Chairman, I am not aware that any question has been raised.

The Chairman: Any member can raise a point of order or a question of privilege.

Mr. Drew: I heard no remark about a question of privilege; apparently it was a suggestion that was going to be made.

Mr. Goode: May I point out to you, Mr. Chairman—

The Chairman: Order.

Mr. Goode: —that the leader of the opposition is criticizing the minister, but he did not find it necessary to remain in the house while the minister was making his statement.

Mr. Drew: That, Mr. Chairman, was a tawdry and smart-aleck remark, unworthy of any hon. member in this house. I have done what perhaps the hon. member has not done: I have read every word of the minister's statement. I have been following this subject with a great deal of attention, and I perhaps will indicate that I am aware of some of the details before I sit down. Before any suggestion is made that every member of the opposition has not spent every hour in this house, may I ask the hon. member to look at the front ranks of the government benches and see how many cabinet ministers are here while we are discussing the allocation of hundreds of millions of dollars of the people's money.

Mr. Riley: Don't get mad.

Mr. Drew: Now, Mr. Chairman, the item to which I was referring was an item under the heading of "materials and supplies, $60,189,708". The next item is "acquisition and construction of buildings and works, including acquisition of land, $24,147,000". Then the next detail, as it is called, is "major procurement of equipment, $110,954,383". Now, that is the detail that is given in that case. In other details which bring that total for the naval services up to $277,754,980, there is no more real detail than that. Then we come to the army, and let us take as an example some of the items that are called details.

Materials and supplies, $201,432,075.
Acquisition and construction of buildings and works, including acquisition of land, $75,526,500.

Then here is another item, as an example only:

Major procurement of equipment, $198,930,650.

Then we find the various totals of the so-called details for the army amounting to $667,609,100.

Then under the heading of "Air", we have further so-called details:

Materials and supplies, $101,087,385.
Acquisition and construction of buildings and works, including land, $193,570,310.
Major procurement of equipment, $406,167,927.

Those are samples of the kind of detail that is given to explain this one item that we now have before us, amounting in itself to a total of $1,412 million. We are not dealing alone today with the assurance of adequate defence equipment. We are dealing with something that is in itself imposing upon the people of Canada one of the major problems that this country is going to be called upon to face. In the words of the Minister of Finance himself the people of Canada, along with the people of other nations, have before them two great concerns at this time: the pursuit of peace and the problem of inflation. In the pursuit of peace we are being called upon, through the vote of this committee, to supply not merely $1,412 million but, according to the statement issued by the Department of National Defence, $1,879 million during this current year. That pursuit of peace is something that is naturally going to engage the attention of the people of this country and it is something that should engage the attention of the members of the House of Commons in the most minute detail; because we are not going to defend freedom merely with dollars. We are not going to be able to defend freedom unless we make sure that we are going to be able to carry the load. In addition to taking such steps as are necessary to defend the dollar that is going to be used in this large quantity to defend our freedom, we must also be sure that, here as elsewhere, no unnecessary dollars are being spent.

I know there are those who will immediately say that when we make a demand for more information than we are getting, we are simply repeating a demand that has been made over and over again. But no matter what may have been true before, no matter what justification there may have been for urging greater detail in the past, that justification need hardly be pleaded at a time that the Minister of Finance has seen fit to place side by side with the pursuit of peace or, to use the other term, the preparation for defence, the problem of inflation itself. When we consider what measure of information we should require, I think that the strongest evidence we have of the need for more detailed information than we have yet had is furnished by the Minister of National Defence, and was furnished yesterday, as may be ascertained by anyone who was not here by a careful reading of *Hansard* for that day.

In his statement with regard to standardization, the Minister of National Defence said, as reported at page 2867 of *Hansard*:

I also exceedingly regret the failure to have more standardization.

That regret undoubtedly will be generally shared. That regret is one which undoubtedly should also cause us a great deal of concern at this time, recognizing as we do that the common activities of the Atlantic nations

might easily demand supplies from one nation or another, and the failure to standardize might, in a period of crisis, spell the difference between victory and defeat, at least in any area where that problem had arisen.

But when we come to what follows in the statements of the Minister of National Defence, it seems to me that we find that atmosphere of continuing unreality which has surrounded all his statements since this crisis became acute a year ago. The Minister of National Defence, with justification, speaks with pride of Canadians in uniform. He is not alone in feeling that pride. I am sure every member of this committee shares that pride; and many members of the committee have been proud to be included amongst those who wore the uniform of this country on different occasions. But there is a difference between expressing justified pride in the Canadian armed forces and what they do, and giving the people of this country an impression that is not in keeping either with the facts as they really are or with the gravity of the situation with which we are confronted. Following up his reference to standardization, the Minister of National Defence said yesterday, as reported at page 2867 of *Hansard*:

> . . . a good many months ago we decided to standardize our equipment—not right across the board but generally—with United States-type equipment.

It was not a few months ago, Mr. Chairman, that it was announced that this decision had been made; it was two years ago. It was two years ago that the Minister of National Defence announced, in a speech to a service club—and may I interpolate that that seems to be the place where most statements of policy are now enunciated—that it had been decided to standardize with United States equipment, particularly in relation to rifles, machine guns and equipment of that kind. Some time went past and we found that, instead of manufacturing rifles and machine guns of the ·300 calibre during the period which had elapsed, government arsenals were manufacturing shotguns and sporting rifles which were being sold through the ordinary trade channels at a time when we were so greatly in need of equipment of this kind. That was one of the things which make it so difficult to be sure that any one of the glowing statements at any time has actually been carried into effect at some later date. There may be explanations. Yesterday the minister gave a great many explanations why a number of things had not happened that some people thought might have happened. But he then went on, after his reference to the position a few months ago, and he said this, and I am quoting from *Hansard* again:

> It so happened that we had the armament equipment for practically five divisions in mobilization stores, equipment of the latest type in use at the end of the second world war. We were probably unique in that respect.

I wonder what Stalin, or the men in the Kremlin, would say if they read *Hansard* forwarded to them by their representatives here in Ottawa. I wonder what they would think about Canada being unique in the fact that it has armament equipment for practically five divisions in store. Russia with 175 divisions in the field, and with another 175 divisions ready to be put in the field at any time, and ready also to supply China, Poland and other countries with the equipment for many divisions, and yet we are unique in that we have equipment for five divisions of a type which we were not able to use.

If that is the standard of the kind of information we are getting, then it is time that every member of this house of every party applied new tests to the statements which are given as to the ability of this country to meet any emergency which might arise. This emergency has not just arisen in the past few weeks. This emergency is one which has been foreseen for several years in increasing measure, and it should be recalled by every hon. member of this house that even if by some happy miracle we were to learn that tomorrow peace, full peace, had been declared in Korea, the necessity for preparations of this kind would not be diminished by one cent, by one gun or by one tank, by one ship, or by one aircraft. This preparation had commenced before anyone dreamed that South Korea was going to be attacked on June 25, so far as there is any evidence on the record.

The Atlantic treaty was signed long before June 25 of last year. Preparations were being made to combine the forces of the free nations for the defence of freedom and to build bulwarks of strength behind which freedom could be maintained against the threat of one great aggressor. That situation has not changed. The very fact that Korea has happened makes it clear that there can be other Koreas in other parts of the world, and that this preparation must go on. Therefore we must measure everything that has been done in the light of the fact that preparation has been going on for some time, and we must therefore see how far we have gone in meeting even the minimum basis of the requirements for a threat of that nature.

If this is the kind of threat which the Prime Minister has said it is, if it is the

kind of threat that the Minister of National Health and Welfare said it was a few days ago, if it is the kind of threat which has been described by the Prime Minister of Britain and by the President of the United States, then what this country needs, and what every other country needs, is military forces in being ready to take the field, military forces which can be used to defend this country.

Today the Minister of National Defence explained the absence of equipment of a kind which would make it possible to engage in service activities by explaining the time that it required to produce many of the modern machines of war. That explanation undoubtedly is one related to the production now under way; but after all surely this country, and every other free country, should prepare to defend itself as best it can when an issue might arise while it is preparing for the more ideal form of defence at some later date.

It will not be any comfort to Canadians of future generations if they read that we were preparing a three-year plan or a five-year plan that would have been good had it ever been fulfilled, but that unfortunately those against whom we were making that preparation were not working on the same schedule. And yet that is exactly the situation with which we are confronted. We are confronted with the necessity of making use of such forces as we have for the preservation of peace. Surely it is within the capacity of this country to improvise and to make use of much of the equipment that we have for the purpose of creating forces in being.

We simply have no forces in being in this country today to meet any serious test that might be imposed upon us. We have a magnificent group of young men in Korea today, as fine young men as are joined today in the cause of freedom in that distant land; but it took many long months to train, to bring together and organize these young men. Now they have taken their places in the ranks of freedom. A long time ago, measured in terms of this emergency, the Canadian government, along with other governments, decided on the responsibility that this nation would accept in the defence of the Atlantic area. Surely it will not be said that Canada was not aware some time ago what its commitments were. Surely it was indicated some time ago that it had been agreed what these commitments would be.

If that agreement did take place some time ago, as was indicated in this house and elsewhere, then why is recruiting for the force required to fulfil that commitment being started only this week? It will not increase that force in size merely to criticize that delay; but it is important, because of that delay, again to consider how far we should be prepared to give blanket approval to broad statements without detail, and certainly without more detail than we have in the book of estimates now before us.

Yesterday the Minister of National Defence devoted a good deal of time to answering certain points that had been raised. This all could be summed up in the simple words "some sweet day"; because these are expressions of hope of things they are going to be able to do rather than answers as to what they have already done.

Naturally one of the things which must be a matter of concern to every hon. member is the availability of training supplies and training equipment for whatever men are called up for such force as may be required. Well, the house was informed and the people of Canada were informed through the press gallery and dispatches that went out from here, as well as by radio and news digests of these reports, that one of the points the minister made yesterday was that the Department of National Defence had been looking for five years for a huge camp area, one hundred miles by thirty miles, large enough to train an army formation as large as a brigade.

Mr. Chairman, we have many areas in Canada large enough to train a brigade. We have now millions of acres set aside as camp areas. But if, for any reason not disclosed in detail, we needed a camp area one hundred miles by thirty miles, we did not need to wait five years to get it. We have 3,600,000 square miles in Canada; so it should not be too difficult to find an area of 3,000 square miles for the purposes of defence preparation.

When we are told that we need an area of this kind to carry out training and, by implication, told that the reason we could not train a brigade in Canada before was that we did not have this area—and of course we are not training a brigade in Canada now, as a brigade—let us just see some of the camp areas that are available. There is Wainwright in Alberta. Wainwright is one of the largest camp areas in this country; it is a magnificent camp area.

I am not picking that out particularly as a chosen spot, but if additional land were needed, then the dominion government had plenty of power to increase that area substantially.

Mr. Claxton: Do you suggest that would be a good place in the winter?

Mr. Drew: And then there is Borden in Ontario. If more land is needed there, there is plenty of land that could have been acquired to add to the area of that very large camp, where at other times in the past brigades which have won renown on the field of battle in two world wars have been trained.

Then, what of Barriefield, which is not one of the largest camps by any means, but a very excellent camp and one which would compare favourably in size with some of the camps in Great Britain where divisions upon divisions have been trained in the past, and have left those camps to go right into battle. Then what about Debert, Sussex, Aldershot, Shilo, Rivers, Vernon—to mention only a few of the huge camp areas totalling millions of acres that we have here in this country.

If we needed a camp area one hundred miles by thirty miles for five years, then someone should explain to us what the ghastly failure was to act long ago. Surely we do not need to wait much longer for an area to be set aside.

And then may I refer to one of the most remarkable statements made in reference to this question of a training area. The Minister of National Defence explained that the department had its eye on an area. What an eye! This eye has apparently been well shaded for five years. But it has its eye on a place in the east. However, it may be that it would not want to tell us until after June 25, because one might know where another area might be arousing interest, in some particular part of Canada. There are of course large camp areas which would be of interest to those who may be called upon to make decisions at that time.

The really interesting part of the explanation, however, was where the minister said it was hoped that brigades would not have to do winter training in Canada, because much of the time would be spent shovelling snow. Where is the eye of the Department of National Defence?

Mr. MacDougall: That is an all-seeing eye, George.

Mr. Drew: May I suggest it does appear the Department of National Defence does need one of those trained animals to lead it around, because if that department had its eye on winter problems of this kind it would have seen what is done at the airports. Personnel at airports do not shovel the snow; yet the runways are as smooth as a billiard table, and plenty smooth enough for any artillery, tank or infantry unit to train on them. Indeed, they would be training under conditions perhaps almost too favourable, when one keeps in mind the really severe training they would need to prepare them for the areas in which they might some time have to be used.

That explanation in itself indicates why a great deal more needs to be said in the house by way of explanation and by way of suggestion, so that the Department of National Defence may get out of the woods and actually wake up to the fact that the time when parade grounds were cleared by men with shovels passed many years ago. All the department would have to do would be to borrow some of the equipment being used in other places so satisfactorily, so as to be able to train just as well as training could be carried on anywhere in the world.

And, Mr. Chairman, may I suggest that, far from taking Canadian troops out of Canada in winter, we should be training them in Canada under winter conditions; because it happens that there are the topographical contours in this country, the climate and all those other conditions which might be encountered in the very part of the world in which we would have to engage the only possible enemy we will ever have to engage within the lifetime of most of us, on a global scale.

That, Mr. Chairman, is one reason why we should, in the hope of preventing war, prepare in a way that will train our men to meet war if necessary in the very kind of area in which they would be called upon to engage the troops of the one great potential enemy that would lead the rest of the world to war at this time.

At six o'clock the committee took recess.

AFTER RECESS

The committee resumed at eight o'clock.

Mr. Drew: Before the dinner recess, Mr. Chairman, I was discussing the question of the training areas available in relation to the statement made by the minister yesterday about the fact that the government had been looking for a camp area. There is one point about which I confess there is some confusion. Perhaps the minister may have used inadvertently figures that gave a conflicting impression, but I was under the impression he used the figure of 100 square miles today in relation to the camp whereas yesterday the figure given was 100 miles by 30 miles.

I would point out that in addition to the camps I have already mentioned there are two camps which are perhaps the most historic and best known in connection with the provision of forces for the Canadian army in two world wars, and which I have not yet mentioned. I refer to Valcartier and Petawawa. Both these camps are very large by any standard, and it would seem strange indeed that in the case of Petawawa, as an example, adequate land could not be found in the adjoining area to provide whatever was necessary for purposes of training or manoeuvre. In fact it would seem that in the case of Petawawa the government might well have available one of the most remarkable training areas in the world because the provision of an added camp area on the Quebec side of the river would give the space required, and the camp would provide not only the artillery and armoured training facilities it now possesses but also immediate access to facilities for amphibious training of the very highest order.

In the case of Valcartier, with its great historic traditions, it would certainly be possible in that area to find further territory to give the required training space. I have not attempted to mention all the camps available in Canada, but the picture that is in the minds of most hon. members when the name of any one of these larger camps is mentioned must suggest that it would be a very strange thing if we could not train a brigade when the United Kingdom finds it possible to train many divisions with camps very much smaller than a number of those to which I have referred. I should think that in this country the decision should be made that training will be carried out here not only so that Canadian camps may be available for Canadian training purposes but also so that our own men, in this country of such immense variety and change in topography, would be ready for such service as they might be called upon to perform in any part of the world.

It is rather interesting that Great Britain should have sent a great number of men on different occasions to train in this country, and that we should find it difficult to provide adequate training for our own purposes. Many people will recall, for instance, that the famous Lovat scouts were sent over here to train near Jasper, and that other special units have been trained with great success in this country. I leave that question before the members in the hope that some of them at any rate will be impressed with the fact that one of the reasons given for not being able to proceed with training in Canada should not be the suggestion that we have not the space already available here.

Let me refer to another point made by the minister yesterday. He spoke of the fact that modification of the original plans for the production of military vehicles had been necessary, and that this was going to be done with a recognition of the fact that some of these vehicles, and certain parts thereof, could best be turned out in the United States. I should think there would be little tendency to take issue with that statement in regard to certain parts of our requirements, but I do suggest that here again the time is long overdue for such a decision to have been made if we are to accept the statements of the government last year as well as this in support of the very large appropriations which this house is being asked to vote.

Then we are told by the minister that it will be late this autumn before the first of Canada's new anti-submarine escort vessels is launched, and that it will be a considerable time longer before they are all at sea. Hon. members who have had contact with matters of this kind will recognize that specialists on the machines, the weapons and certain of the very intricate apparatus need to be trained for a very long time before they can handle this highly specialized equipment. Long before these ships are available the men who will handle the radar installations, the various submarine detection devices and the very delicate and intricate mechanism of the ship itself should be in training so they can be placed on board and put the ships into active operation as soon as they are completed.

Then may I refer to the statement by the minister in regard to the aircraft carrier *Magnificent*, in reply to the statement by the hon. member for Nanaimo that the *Magnificent* is obsolete. The minister does not say the description given by the hon. member for Nanaimo does not apply in any way. What he does say is that she has three or four years of useful life.

Mr. Claxton: If I said that, Mr Chairman, I did not say enough. I should have said "without modification", because the *Magnificent* and ships like her have many more years than that of useful life, but after modification. I would not like it to be represented that ships of that class are obsolete in three years.

Mr. Drew: Then does the minister agree that they are obsolete without modification?

Mr. Claxton: No; they are adequate for the job for which they were intended, and to

handle the aircraft with which they are equipped at the present time. But successive improvements will be made in this class of aircraft, and if we have an aircraft carrier we will make those improvements at the time they should be made.

Mr. Drew: If it were convenient perhaps it might be best if the minister would say whether the *Magnificent* is in fact in every way up to date by modern standards, and able to deal with submarines.

Mr. Claxton: That is the sort of thing no one can say until submarines are met and dealt with. But I can say that aircraft carriers of her class are being successively and progressively modified. Whether we decide to do that this year or next year remains to be seen, but for the purposes for which the *Magnificent* is designed she is doing that job today.

Mr. Drew: That answer illustrates the difficulty with which members of this house are confronted. The minister has now informed us that aircraft carriers of this type are being progressively modified, and presumably after modification are capable of undertaking this extremely important work. Nothing the minister has said is in any way a direct reply to the statement by the hon. member for Nanaimo that at present, by modern standards, the *Magnificent* is not suitable for this service. The minister has said they do not know whether they will do it this year or next year; but we are dealing with one of the greatest emergencies this world has ever known, measured in terms of dollars by the figure of $1,800 million. That is merely the extent of the emergency in terms of dollars and cents, and I suggest that it is not sufficient to be told that perhaps this year or perhaps next year modifications may be made which would give us an aircraft carrier capable of undertaking the active service she was built and designed to perform. I leave that question there, because I am satisfied that the answer given by the minister is the most positive evidence that could be put forward of the unsatisfactory nature of the information before this house in regard to such an important piece of equipment as an aircraft carrier; and so it is with much of the other equipment that has been under discussion.

Then we were told about the training of the brigade, what it cost and what it would have cost if we had trained those men in Canada. I will revert to my earlier remarks about training in Canada only to say this. In addition to those already mentioned there is one reason why we should train our men in Canada. We are still under the necessity of seeking to conserve our dollar resources, and every dollar spent outside the country is an added burden at a time when money is part of the very struggle in which we are engaged. I do not think it amiss, either, to mention the fact, which has been stated officially already, that the cost of training men in the United States is higher that it is in Canada. That is another reason why we should provide for that training in this country.

Now let me refer to our air defences. It is not necessary to raise any question about the plans that have been made, whether forty squadrons will be sufficient in three years. I repeat that the thing we should be concerned about is what we are going to have this year. We have four squadrons now. What are we going to have in this year 1951? What are we going to have during the months that have been described as the most critical in the history of the modern world? As the minister himself has indicated, that question is not going to be answered substantially by our own production lines during the current year. Moreover there is the question whether even now we are taking those steps which should be taken to have trained personnel available when our own production lines are able to meet the demand for the latest type of modern aircraft. I do not think the minister will challenge the statement that one of the very real problems being faced today is that of providing adequate ground crews for the squadrons being trained. Hon. members who have had the opportunity of observing what is being done know that the whole efficiency of an air force rests upon the adequacy of the training of the ground personnel. The most skilled and the most gallant pilots may survive but a very short time, even without any other considerations than the problem of the aircraft itself, unless the men who handle these extremely fast and tremendously powerful machines have had long months, yes and years, of training in the jobs of servicing aircraft of that kind. Right now we should be far ahead of where we really are in the training of the specialists who are needed for the ground crews. If we, in fact, are contemplating a real contribution of forty squadrons at some time within the measurable future, then we should be training skilled ground crews now for those forty squadrons so that when the pilots and air crew needed for those machines go into the air the whole force could be brought into being at one and the same time. Certainly, the methods that are now being followed do not assure the availability of skilled men of that kind. It seems that the members of this house should not be satisfied to pass this, as merely a matter of dollars and cents, without some assurance that the steps that are going

to be taken will in fact bring into existence the kind of force that we have been told is being planned.

When I mention specialists for the ground crews, and specialists for the navy, I might include the highly trained personnel required for the armoured forces, the artillery and other army units today. That brings us, then, to one of the subjects mentioned by the Minister of National Defence yesterday. As reported at page 2871 of *Hansard*, the Minister of National Defence said this:

> It was suggested that we should make an appraisal of our manpower resources. These appraisals especially made for a special purpose can soon become out of date. The dominion bureau of statistics and the Department of Labour have continuous appraisals, and I have been told that from most points of view the information they have is adequate for statistical planning with regard to manpower in this country.

Mr. Chairman, I can only take it that the minister was speaking as the Minister of National Defence. If he was speaking of manpower as Minister of National Defence, then I say that it is misleading this house, whether unintentionally or otherwise, to convey the impression that the information in possession of the bureau of statistics or the Department of Labour is adequate for the allocation of manpower to the armed forces of this country. There is not an hon. member in this house who has had any occasion whatever to study the problem of allocating manpower in the armed forces, either in small units or in large, who does not know that there must be a most careful inquiry not only into the skill possessed by the individual but also as to the temperament, physical capacity for certain types of jobs, and the general suitability of the individual for the particular kind of work. Frankly, it is just eyewash, and eyewash of a very dangerous kind, to suggest that the Department of Labour and the bureau of statistics have the kind of information that would be required to allocate manpower for these three great branches of the armed services. Once again, Mr. Chairman, I only comment on this for the purpose of indicating something of the manner in which this important subject is being considered, when I refer to the very silly comments that are being made by some hon. members on the other side during the discussion of this very important subject.

Mr. Ferrie: What about yourself? Why don't you take that back? Why don't you tell Russia we have not got anything?

Mr. Drew: Mr. Chairman, I have no intention of informing Russia about the hon. member.

Mr. Ferrie: You have not any intention of telling us anything.

Mr. Drew: If there were anything whatever in the suggestion that these statistics supply the information required, then what was all the hullabaloo about the appointment of the manpower council which we heard only a couple of months ago? Apparently now the Minister of National Defence is going to wait to be told by the advisory committee on manpower whether he should do something about this. Well, the advisory committee on manpower was announced with every effort to create an impression as to its importance. The statements that were made at the time were accepted by the people of Canada as evidence that something definitely was being done to deal with this subject. Just as an example to illustrate how it was accepted in different parts of the country, let me read what was said by the Halifax *Chronicle-Herald* of February 7, three months ago:

> The national advisory council on manpower, just announced by the Minister of Labour, will have serious tasks of allocation of such power on its agenda before long. Its work will have to be carefully integrated with that of the ministry of defence.

And so the comments went right across the country. This committee was to be for the purpose of examining manpower, and to make provision for its allocation. That was the impression given, and that was the impression which it was intended the people should have. Now this advisory council on manpower is apparently regarded as something unnecessary, if we are to take the statement of the Minister of National Defence yesterday. If his statement is to be taken literally, then all the information that we require from time to time is available from these other sources. But, Mr. Chairman, the Minister of National Defence said that statistics can very soon become outdated. Statistics will always become outdated if you do not get them in the first place, and that is exactly the situation. They are not going to be outdated if we do not even have them. At the moment, no attempt has been made to provide the basic information on which this government can carry out any part of those plans which have been placed before this house.

We received what was called a white paper just before the minister made his statement. It was called a white paper, but it has very properly been said in responsible references to it that it could be called a green paper, a yellow paper or a red paper or anything else, and it would mean the same thing. It is nothing but a collection of statements made publicly from time to time before they

were brought into this form. Any suggestion that this so-called white paper constitutes a presentation of a new set of facts for consideration by this house has been properly described, in a number of responsible publications, as a fraud upon the people of Canada. It is nothing but an attempt to put in digested form the statements we have already been given.

Now, Mr. Chairman, one of the things that must surely be clear now is that if there were some method by which the members of this house were sure that what was happening was under constant supervision, then we would not suddenly discover these things indirectly as we do at the present time. If, for instance, there had been some device by which responsible members of all parties had continuing access to information in the House of Commons and outside, then, having regard to the statement by the Minister of National Defence that Canada had decided to standardize its equipment two years ago, the members of this committee would have known long ago that the decision had not in fact been implemented at any time. We would not suddenly have discovered two years later that the decision, if it was made, at any rate had not actually been carried into operative effect. The members of this committee would also have known that we were not able to train some of our units. They would know something about the equipment that we have available in this country. They would know something about the adequacy of our training facilities to which reference has been made.

In the light of the contradictions to which I have referred, in the face of the very kind of answer given by the Minister of National Defence with regard to the *Magnificent,* I repeat once again, in spite of the statement already made by the Minister of National Defence, that the security of this country and the fulfilment of the obligation of parliament demand the setting up without any further delay of a select committee on national defence. Why is the government resisting this reasonable proposal?

Not one reason given by the government for not setting up such a committee holds water. On an earlier occasion the Minister of National Defence said that it would be taking from the government its responsibility for policy.

An hon. Member: That is where I came in in 1949.

Mr. Drew: Mr. Chairman, I think I shall refer to the remark just made by one of the Liberal members: That is where I came in in 1949. I am glad to hear that flippant remark, which indicates exactly how much that member has learned since he came in in 1949, or how much he wants to learn. That hon. member has been here since 1949, and apparently he is just as satisfied now as he was then simply to cast his ballot and to hope that everything will be all right.

An hon. Member: You could not make a better statement.

The Chairman: Order.

An hon. Member: That is the best thing you have said tonight.

Mr. Drew: No, Mr. Chairman; I think one of the most useful things that could happen would be if the people of Canada were able to listen over the radio to the applause of Liberal members for a statement of that kind. I only regret that we have not yet television in Canada, so that the people of Canada could see an imitation of trained seals such as we are seeing in this committee at the present time. The only difference, of course, is that trained seals usually have an intelligent look upon their faces.

An hon. Member: You are getting red around the neck now.

The Chairman: Order.

An hon. Member: You would look beautiful.

Mr. Drew: Mr. Chairman, it is just exactly as the hon. member said; and I am referring to the last one.

Mr. Chairman, we are discussing survival, and we hear these asinine remarks from Liberal members in regard to things of this kind. We are discussing at this time an item of over $1,400 million and we hear nothing but maudlin nonsense from many of the Liberal members who are supposed to be representing the Canadian people at a time like this.

An hon. Member: The people have put the administration of their affairs in good hands, though.

Mr. Drew: It is at least reassuring, Mr. Chairman—

An hon. Member: We have to listen to this; we might as well participate.

Mr. Drew: —to know that some of the members are actually alive; because the only time that we hear from some of them is when they make noises such as they are making at the moment.

An hon. Member: That was a profound remark.

Mr. Ferrie: When they have something to say, they say it.

Mr. Drew: Mr. Chairman, it is not surprising that the Minister of National Defence finds so little reason to be concerned about the information that he gives to the House of Commons when he has a demonstration of this kind, indicating that no matter how little information the committee gets, the Liberal members will act as rubber stamps just the same, and he can get their support.

An hon. Member: Get on with defence. Let us hear about that. Say some more.

The Chairman: Order.

An hon. Member: We cannot stop him.

Mr. Drew: That is another profound remark, "we cannot stop him", also from one of the Liberal members. I assure you, Mr. Chairman, that you cannot stop me from saying what I intend to say with regard to this extremely important subject.

Mr. Sinclair: You go on like Tennyson's brook.

Mr. Drew: I have already said to the Minister of National Defence—I agree that this has been said since 1949; and it was said before that—that the members of the House of Commons should have the assurance of continuing access, through a select committee, to information as to how the defence preparations of this country are proceeding. On one occasion the Minister of National Defence made the statement that the reason for not appointing such a committee was that it would take from the government the responsibility for policy which is theirs. No suggestion at any time has been made that the responsibility of the government for policy should be in any way limited or abridged. What has been urged—and it has been urged over and over again—is that a select committee on national defence be set up in exactly the same way that a committee is set up to deal with external affairs, so that the members of the house may have an opportunity of discussing these matters in detail and finding out what the facts are.

Mr. Fulton: As with the Canadian National Railways and Trans-Canada Air Lines.

Mr. Drew: Committees are also set up to deal with such matters as the Canadian National Railways, Trans-Canada Air Lines and other public operations of that kind. Why should the Department of National Defence alone not be susceptible to the ordinary supervision of a committee, just as are these other extremely important departments? Surely the Department of External Affairs deals with just as secret material as does the Department of National Defence; and yet the Department of External Affairs is at this very time seeking the approval of a motion to refer to a committee the examination of their own accounts. The Minister of National Defence heard the very excellent speech made by the hon. member for Quebec South. That speech, made by the dean of the House of Commons, illustrated what is thought by hon. members with long years of experience as to the necessity for bringing back under parliament itself effective control over the most important subjects that are being considered by this body.

If such a committee were set up, it should be set up as a continuing committee, authorized to sit not only when the house is in session but when the session has prorogued. Members from every party with special knowledge of these subjects could be appointed, and I feel sure, Mr. Chairman, that if such a committee were meeting, were supervising the details of national defence, hon. members would be satisfied in almost every case with their reports without any further consideration of the detail beyond that which had already taken place. That is what we find happens when other committees are set up to deal with extremely important but involved details of government business.

I am not certain that the government has yet advanced to the point of parliamentary maturity that it would follow Westminster to the extent of appointing as chairman the man who is obviously best qualified. But this house is in the fortunate position of having as a possible chairman of that committee a man with unique experience, the hon. member for Nanaimo, who could sit as the chairman of this committee with experience such as no other member of this house possesses. But whether the government was prepared to appoint a member of the opposition as chairman, or insisted upon a member of their own party as chairman, would not in any way lessen the opportunity to have a real examination of all these details by a committee that could sit down in an orderly way and proceed to deal with the thing in a businesslike manner, if men like the hon. member for Nanaimo and other experienced veterans in this house were sitting on such a committee and asking the questions and obtaining the information which could be obtained.

In the closing part of his remarks the Minister of National Defence did say that he wanted these accounts examined in detail. These accounts cannot be examined in detail in this house unless the Minister of National Defence will take a preliminary step. That preliminary step would be to prepare a detailed statement of every one of these items which are now called details. This afternoon I referred to some of the so-called details. I just

gave as one example not the general item but the detail: "Major procurement of equipment, $406,167,927." Even with a pencil and paper, if the minister were prepared to go through every detail that made it up, hon. members could not possibly follow it in an orderly way sitting in this house and obtaining it by question and answer; but there is one simple and obvious way to do it. The Minister of National Defence I am perfectly sure has, in the mass of material in these two great black boxes that he has beside him, fairly substantial detail in regard to these items. If a committee were meeting and dealing with these subjects then that committee would be entitled to have a statement of these various real details that go to make up that total.

Do not let us be misled by any suggestion that contained in that total are pieces of secret equipment. There is not a single hon. member in this house who would not be prepared at any time to take a reasonable explanation that some particular thing was really secret. Hon. members would soon be able to determine whether it was secret or not. But the broad answer that it is not in the public interest, which has been given so often in this house, is altogether too often simply a statement that the government does not think it is in the public interest for hon. members and the people of Canada to know how far they have failed to carry out the assurances they have given the public on earlier occasions.

The Minister of National Defence does not leave the members of this house with any real opportunity to go into detail by simply confronting us with a huge item like that, an item that is more than the total budget of this country for all purposes only a few years ago, and then say: You ask the questions and I will give the details. The Minister of National Defence knows how it would be done in any businesslike examination. Set the things out in detail. If there are subjects that should not be disclosed let them be so indicated, but the total given, and then hon. members will be able to discuss those with some knowledge of what the facts really are.

I come back to the fact that when, according to the statements made by the government, inflation and the defence of the country go hand in hand as the two greatest problems we face, then the time has come to be sure that we have something more than guesswork in regard to all this, to be sure that we have the real facts. And once again with all earnestness I urge the minister to reconsider the position that he has taken and to agree to setting up a committee, and to adjourn the consideration of these items, as will be done in the case of the Department of External Affairs, and refer all these items to such a committee of the house.

Mr. Pouliot: I have listened with great interest to the eloquent speech of the leader of the opposition. His conclusion was for the establishment of a select committee on national defence. I am for it, and I will surprise the hon. gentleman when I tell him that we have it already. This is a committee of the house, and this is a committee on national defence, and when my hon. friend the leader of the opposition speaks it cannot be otherwise. This is a select standing committee of the house. Still, Mr. Chairman, there is more to it.

I listened to the hon. gentleman before dinner. I was moved by his speech. Then I had to eat a little to get some strength to listen to the continuation of his speech. I was wide awake. I did not miss a word. He spoke very well, but he complained that he had not received detailed information with regard to an item in the estimates.

Mr. Fulton: Any item in the estimates.

Mr. Pouliot: I would remind the hon. gentleman of one thing. He made a statement, but did not ask a question. The minister could not guess what his question would be. He asked no questions; he made a statement. That is not detailed enough. I am sure that if he had asked the minister for further information he would have got it.

Mr. Drew: I have.

Mr. Pouliot: No, no.

Mr. Fulton: Yes, yes.

Mr. Pouliot: I heard the hon. gentleman complaining of the fact that it was not detailed enough.

Mr. Fraser: It is not.

Mr. Pouliot: I did not hear him ask any questions of the minister. I am sure that the minister, who is familiar with the constitutional and parliamentary practice, just as is the hon. gentleman, would give him any possible information about expenditures. That is why I am all in favour of a committee like this one to discuss national defence, as a matter of expenditures and as a matter of dollars and cents. But when it comes to a matter of strategy, when it comes to the national defence, proper, of this country, I do not see why it should be discussed in public.

To my mind the treatment of General Marshall at the hands of a committee of congress is disgraceful. Here is this man—

Mr. Fulton: So also was the treatment of General MacArthur.

Mr. Pouliot: I will ask Kamloops to keep quiet until I look after him.

Mr. Fulton: Talk sense and I will keep quiet.

Mr. Pouliot: And he shall not remind me that he is in the house at the present time, because I will think of him in due course.

Mr. Fulton: Hear, hear.

Mr. Pouliot: I am glad my hon. friend says hear, hear; it shows he is improving. I am speaking in reply to what his leader has said.

Mr. Fulton: You are not doing a very good job of it.

Mr. Pouliot: Well, if that is the judgment of a Tory, I am satisfied.

Mr. Fulton: You always did have a single-track mind.

An hon. Member: Better than two tracks going in different directions.

Mr. Pouliot: I may have a single-track mind; but I am on the main line, while my hon. friend is on a siding—with dead-freight cars.

Mr. Fulton: The Temiscouata railway has been the main line ever since the C.N.R. took it over.

Mr. Pouliot: The Temiscouata railway is the best railway in America, compared to my hon. friend himself.

I will not be personal, because I like the hon. member for Kamloops—but I also like my peace, too, especially when I am speaking about the remarks made by the leader of the opposition. I want him to understand my point of view, and I am sure he will.

Let me take this opportunity to congratulate him and to tell him what progress he has made in politics since he has been a member of the House of Commons—and I say that sincerely, and with respect and esteem.

Coming to the discussion of the matter before the committee, I would stress to the hon. member the fact that it is the function of this committee to check expenditures; it is not to go deep into the strategy of the Department of National Defence and its staff. This, sir, I contend should be secret policy that must not be advertised, as is American strategy, which is published in every American newspaper, and broadcast over all radio stations throughout the world. That cannot help in the defence of the great country that is the United States of America. So much is this true that our great neighbour could be spied upon from the Antipodes precisely because of the fact that the news items the leader of the opposition is so eager to get publicly may be the best information to any possible enemy.

This is so much the case that I remember very well the time when conscription was discussed in the house, immediately after the resignation of the late Colonel Ralston, the then minister of national defence, who said there were weak points in the allied army in France, and insisted so much on that that the information was given to the German command, with the result that they rallied all their forces for a supreme attack in northern France, an attack which cost countless lives of American and Canadian soldiers.

The hon. member who is leader of the opposition, and the hon. member who is chief opposition critic, both of whom are men of military experience, must be aware of that fact. Perhaps they have never thought of it, perhaps they have never put the two ends together; but they must remember what was said by the former minister of national defence, and the statements that were broadcast by the press and by all the Tory speakers. Those statements were put on the wires of the news agencies and spread throughout the world. They were known to the spies we had in the country and to the intelligence service of the enemy. They could draw conclusions.

It must be remembered that it is precisely on account of the untimely and uncalled for statements of that former minister of national defence in the house about the weaknesses of our army that the American soldiers and Canadian soldiers were killed in such numbers in the last days of the war.

Mr. Pearkes: Who was that minister?

Mr. Pouliot: I am speaking of the former minister of national defence, Colonel Ralston.

Mr. Pearkes: Oh.

Mr. Pouliot: Just after his resignation.

Mr. Drew: Mr. Chairman, I do not wish to interrupt the hon. member, but is he referring to the attack that was known as the Battle of the Bulge, which was directed against American troops? I must confess I find it difficult to understand how that is related to any statement made by the late Colonel Ralston.

Mr. Pouliot: Well, I will explain it by the A-plus-B method to the hon. member.

Mr. Fulton: That will be simpler than anything you have done before.

Mr. Pouliot: And I am sure he will understand. The hon. member, who is an encyclopaedia of bellicose warfare, and who knows everything about the three branches of the

armed services, must remember that Colonel Ralston complained of the fact that conscription had not already been imposed for overseas service when reinforcements were badly needed on the allied front. Does he remember that? Does he not remember that was precisely the reason given by Colonel Ralston for his resignation? The hon. member was not in the house at the time. It is a very serious question. My hon. friend probably said the same thing as Colonel Ralston, but the point is that the reason alleged by Colonel Ralston for his resignation was the fact that reinforcements were badly needed on our front in France. The hon. member cannot deny that.

Although the hon. member for Nanaimo was then in the army, he had time to read the evening paper when he was on the coast, and I am sure he remembers this statement too. It was the very statement of a man who occupied a prominent position in the government that was the inspiration for the German command to make a supreme attack against the allied forces on the front. This is history.

Mr. Fulton: The hon. member is talking nonsense, and he knows it.

Mr. Drew: Mr. Chairman, just so that we may all have the privilege of reading this extremely interesting history, will the hon. member direct us to the place where that history may be read?

Mr. Pouliot: It can be read in *Hansard*. *Hansard* is this publication where we find the illuminating speeches of the hon. gentleman.

Mr. Fulton: I did not know the speeches of the German command were recorded in *Hansard*.

Mr. Drew: I was referring to the decision of the German higher command to attack. Many of us are interested in this subject. I was under the impression that the record indicated this was one of the cases where Hitler had given direct instructions to his field commander. I for one should like to know where this contrary history is to be found.

Mr. Fulton: In the mind of the hon. member for Temiscouata and nowhere else.

Mr. Pouliot: Quack, quack, quack.

Mr. Fulton: That is just what you sound like.

Mr. Pouliot: I never had such a distinguished pupil as the leader of the opposition.

Mr. Fulton: No one ever had a more inept teacher.

[Mr. Pouliot.]

Mr. Pouliot: I will explain to the leader of the opposition how history can be studied and understood by relating cause and effect. At that time the war in France was at a standstill. The Germans were not moving. Only two weeks after the ill-fated statement made by a former cabinet minister, two weeks during which the enemy organized, the attack took place which resulted in the death of countless men. I will tell the hon. gentleman that if he uses his intelligence to understand the relation existing between cause and effect he will not ask any more questions about these matters, and he will agree with me just as the hon. member for Kamloops must now do. To summarize what I have said—

An hon. Member: That will be a job.

An hon. Member: Why?

Mr. Ross (Souris): Some undertaking.

Mr. Pouliot: It is a very simple thing. To summarize what I have said, I am satisfied with this committee. We are proceeding in the normal way to discuss expenditure. We are discussing the length of life of the *Magnificent*. When I utter that word I could apply it to the speeches of my hon. friend but I am speaking of the man-of-war. We are speaking of the rejuvenation of the *Magnificent*, of arms, ammunition, boats, aeroplanes, et cetera. My hon. friend wants some information. The Minister of National Defence has done something that should have satisfied him entirely if he had taken advantage of the invitations sent to him by the minister. Never before to my knowledge—and I am not one of those younger members of parliament for whom the hon. gentleman had contemptuous words—have I seen a minister invite members of parliament to visit munition plants, aeroplane factories, defence outposts such as Churchill, and so on, to see exactly how the money has been spent.

Some hon. Members: Hear, hear.

Mr. Pouliot: Instead of asking sempiternal questions in a select committee as was done unsuccessfully but at leisure last year in the railways and shipping committee with reference to the North Star, instead of wasting time answering silly questions—and the word "silly" is not mine; I learned it tonight—the minister has invited the leader of the opposition and other hon. members of the house to see with their own eyes what has been done.

Mr. Fraser: Colonel Ralston did the same thing. He told members they could go to the different plants if they wanted to. He said he would give them an invitation to go there.

Mr. Pouliot: Yes, but he gave that invitation just before he gave his resignation.

Mr. Fraser: His resignation was forced upon him.

Mr. Pouliot: Well, now that I have established the fact I intended to establish, I shall not discuss it further. I have no grudge against a dead man. The only thing I wanted to indicate to the hon. gentleman, who is the great leader of a great party, is that when he indulges in suggestions like those he has made it is very dangerous, because it is informative to the enemy. In my opinion everything concerning strategy should be kept secret; and if the government has not the confidence of the house the only thing to do is vote against it. A distinction should be established between expenditure and strategy. I am sure the hon. member for Nanaimo will agree with me.

Mr. Pearkes: I will tell you whether I agree.

Mr. Pouliot: I do not want to force an agreement upon him; but I like him—

Mr. Knowles: On a question of privilege, Mr. Chairman, I do not wish to get into the argument but out of fairness to the name of Colonel Ralston, which has been mentioned, may I say just now I looked in my pocket and found that I still have the parliamentary identification card and pass which was issued to me by the defence department, and it was dated April 9, 1943. That was at least a year and a half before the date of Colonel Ralston's resignation. We were advised that we could secure these passes and make the visits that were suggested. I am sure the hon. member would like to be fair to Colonel Ralston, and have it confirmed that these invitations were issued some time before his resignation, while he was minister of the department.

Mr. Pouliot: I had a similar card signed by Commissioner Wood of the mounted police, but I never had that invitation. If my hon. friend was invited it was probably because he was in the opposition. The members on the government side had no such invitation.

Mr. Fraser: Yes; it was given personally in the house.

Mr. Pouliot: I tell Peterborough to keep quiet. I am not going to discuss it further, but I stand by what I have said.

Mr. Fraser: You want the truth?

Mr. Pouliot: Oh, no; I referred to it only incidentally, and I will stand by what I have said concerning the statement on the necessity of reinforcements for our troops in France and the blunder it was to make that statement. It was an error of judgment that cost the lives of many good soldiers.

Mr. Harkness: How do you know?

Mr. Ross (Souris): He does not know what he is talking about.

Mr. Pouliot: I will tell Souris to be as quiet as a mouse.

The Deputy Chairman: Order. I would ask the hon. member when referring to another hon. member to refer to him as the hon. member for Souris, or the hon. member for Kamloops, or whatever it may be.

Mr. Pouliot: I will call them right honourable. I have never put their honesty in doubt. We differ, that is all.

An hon. Member: There is a difference between a mouse and a rat.

Mr. Pouliot: I would ask my hon. friend who benefited from the operation of the nickel company in Norway during the war to keep quiet. He was so happy that those plants were making money in occupied Norway at that time.

Mr. Fulton: Better stick to something you know something about.

Mr. Pouliot: I will tell the babe, who is not Babe Ruth, to keep quiet. It is so easy to arouse the feelings of hon. gentlemen. If we had some cards from the commissioner of the R.C.M.P., I never had any invitation to visit a munition plant during the last war. There is another thing I want to tell the hon. gentleman in all fairness. Apparently he is opposed to an advisory committee or council on manpower. I am opposed to it too, though probably not for the same reasons. With all the information already at the disposal of the Department of Labour and the Department of National Defence I do not see the need of any advisory council on manpower, and in this I agree with him.

There is more to it than that. I will tell the hon. member what are my credentials, what is my power of attorney to discuss these matters in the house. They are a resolution from the county council of Riviere du Loup, another one from the county council of Temiscouata, and another from the city council of Riviere du Loup, all approving the stand I took during the last war and encouraging me to continue to defend the right of the farmer, the man in overalls, the miner, the railwayman and all those occupied in essential industry to the respect of their fellow citizens, to be recognized as essential in war industry and not to be treated as slackers and zombies. I remember that during the last war, with

some of my colleagues, I had the painful duty of explaining to the government the importance of the work of farmers, railwaymen, miners, makers of uniforms, arms, ammunition and so on.

Mr. Fulton: And the Temiscouata railway.

Mr. Pouliot: I have compassion for the hon. member, Mr. Chairman.

Mr. Fulton: I am grateful for it.

Mr. Pouliot: I discuss a matter which is vital to farmers, miners and those engaged in essential work, and an hon. member of the opposition speaks platitudes when I discuss that matter seriously. I am very sorry for him. In one sense he is fortunate, in that his constituents are not in the gallery here to judge his performance as it deserves to be judged.

Mr. Fulton: They are fortunate, because they would have to listen to you for an hour and a half.

Mr. Pouliot: My speeches are reported in full in the local newspaper, and there is not a man or woman in my county who ignores what I say. They approve it, too.

Mr. Fulton: They do not know anything better.

Mr. Pouliot: Well, Mr. Chairman, I have been told to have pity, to be full of compassion, and I am. There are occasions when one has a duty to defend men who are doing a great service, such as the farmers, the miners, the railwaymen and many others. If all those men were brought into the army what would be the result? The result would be that there would be no transportation system; there would be no munitions and no arms available; the soldiers would not have the uniforms that they need; they would not be fed, and so on.

Now, sir, I am very glad that we do not hear very much about the advisory council on manpower. I am a supporter of the government, and I hope—

Mr. Harkness: God knows why you are a supporter of the government.

Mr. Pouliot: Because it is a good government.

Mr. Harkness: I am beginning to lose confidence in your judgment.

Mr. Pouliot: Well, my hon. friend could not say that to the hon. member for Nanaimo, who has shown that he is broadminded and recognizes the merit of the government in doing things that are sensible, especially with regard to manpower and with regard to the defence of this country. The leader of the opposition knows very well that what we need for our defence in this country is mobile units. Naturally, the R.C.A.F. is the best weapon for our defence. He will not deny it.

Now, sir, I regret that I have spoken at such length.

Some hon. Members: So do we.

Mr. Pouliot: I understand it. I have one thing to say in conclusion, and you will be surprised, sir, to hear me congratulate the opposition on their stand since the beginning of the war. When I say that, I refer to all the groups forming the opposition. During the last war—I would say with the exception of the hon. member for Peel when he was leader of the opposition—the fanaticism that existed in the Conservative ranks was something beyond words. I remember very well the hon. member who was leader of the opposition before the hon. member for Peel was so fanatic—he was praising the members of the government and handing them bouquets—that I had to compare him to Ferdinand the bull with a daisy in his mouth for each one of the cabinet ministers. He did not know that Ferdinand the bull was one of Disney's characters, and he was mad about it. He wanted me to withdraw, and I told him that I would withdraw everything except the bull.

Mr. Fulton: That is about your level.

An hon. Member: This is history.

Mr. Harkness: So said the bull calf.

Mr. Fulton: When you have withdrawn everything, that is all that is left, the bull.

Mr. Pouliot: I am not accustomed to understanding the language of the hon. member for Kamloops.

Mr. Fulton: No, only when you are using it.

Mr. Pouliot: I am surprised that a gentleman of his refinement used language like that. I find it more pitiful than ever. Notwithstanding what has been said, I do want to compliment the opposition on the progress that they have made since the last war. It may be due in large measure to the great leadership of the hon. leader of the opposition. I say that very seriously. I know that in his party there are some active elements that he has to control. He has done it with tact, and I sincerely congratulate him. To show that I have no prejudice, I sympathize with him. I remember all the bellicose gentlemen who were going to war all the time, and who wanted some more information about strategy to inform the enemy. This must end. I am sure that if

any hon. gentleman of the opposition is worried about some aspect of national defence, he will only have to speak—

Mr. Harkness: We are worried about all of it.

Mr. Pouliot: My hon. friend is worried about himself, that is the worst of it. But as he is worried about himself, he may improve in due course. I will say to the hon. gentlemen that whenever they want some information about secret matters concerning defence they will only have to go to the Minister of National Defence, and I am sure that he will trust them and give them the information they want.

Now, sir, I have spoken long enough. If I have said something that was not exactly pleasant, if I have not a flower in my mouth for every member of the opposition as Ferdinand the bull had, I regret it very much. I had to make two points. The first is that it is extremely dangerous to talk publicly about national defence strategy in the House of Commons, either in the house or before a committee. In the second place, all members of the House of Commons should bow before the man in overalls who is the friend of the soldier, the airman and the sailor.

The Deputy Chairman: The hon. member for Lethbridge. The hon. member for Nanaimo will agree that since there are other parties in this house, and that I am informed no member of the Social Credit party has spoken so far, I will give the floor to the hon. member for Lethbridge.

Mr. Fulton: Mr. Chairman, I would just draw to your attention the fact that this afternoon, after the Minister of National Defence had spoken, the hon. member for Coast-Capilano and I rose. The chairman saw the hon. member for Coast-Capilano, another member on the government side and a parliamentary assistant.

Some hon. Members: Shame, shame.

Mr. Fulton: Shame, yes; it is a shame.

The Deputy Chairman: The hon. member will realize that if he wanted to raise that incident as a point of order, it should have been raised this afternoon.

Mr. Fulton: No, Mr. Chairman, I did not want to raise a point of order; I just wanted to keep the record straight.

Mr. Blackmore: Mr. Chairman, I always like to see a man who has served his country well receive credit for that service. I had the privilege of sitting in the house during world war II, and I had the privilege also of having a good deal of almost confidential relations with the late Mr. Ralston who was the minister of national defence. I should like to say here that, being a member of the opposition, I would have no ulterior reason for supporting the government or supporting Mr. Ralston, but in my judgment Colonel Ralston was largely responsible for the military success which Canada enjoyed during world war II. The hon. member for Temiscouata is quite justified in having his own personal opinions. He has expressed them. I do not question his sincerity. I now wish to say that in my judgment the attack which the hon. member referred to was not a result of any remark which Colonel Ralston made.

Mr. Pouliot: If my hon. friend will permit me to interrupt, may I say that it was not an attack at all. It was just a reminiscence of public statements made in the house.

Mr. Blackmore: I fear that I did not make my meaning quite clear to the hon. member for Temiscouata. I was referring to the attack of the Germans upon the allies, which resulted in a great number of deaths. I do not believe that that attack was in any way a result of the remarks of Colonel Ralston.

I think it is only fair to the country and to Colonel Ralston to make this statement, namely, that Colonel Ralston conducted the Department of National Defence in Canada during world war II under conditions of extreme difficulty. He was confronted on every hand with the almost impossible problem of getting sufficient men into the army under the right categories to enable him to reinforce the men he sent across to Europe. That was a result of the altogether uncertain attitude which was assumed by various members in the house with respect to conscription for military service. It is only fair to Colonel Ralston that that fact be known; and the statements which Colonel Ralston made had something to do with that problem also. Probably that is the thing that caused him to be released from his position.

But certainly—and let me repeat it—this country owes Colonel Ralston a debt of gratitude not only for the gallant service he rendered in world war I but also for the splendid work he did as minister of national defence in Canada during world war II.

Mr. Pearkes: Mr. Chairman, by ancient custom the seating arrangement in this chamber follows that in effect in the House of Commons at Westminster, the mother of parliaments, in which on your right are aligned the supporters of the government of the day and on your left are aligned members of the opposition. It so happens that in this particular house the majority of the government

supporters is so large that they overflow the seats which are available on your right and take over a portion of the seats on your left. But the fact remains that members of parliament of the various parties face each other. In many other assemblies there is a semi-circular seating arrangement, which undoubtedly enables the chairman to maintain greater control over the various members who may speak from time to time. No doubt there are advantages in both systems.

Under our arrangement, those who are seated opposite to the government must of necessity see some of the movements that are carried out between members of the government. Seated here opposite the government benches, although perhaps my head may have been lowered by the realization that we are a small minority, I could not help seeing movements which were carried out on the other side of the house about an hour ago. I could not help seeing the Minister of National Defence rise from his seat, walk over to the hon. member for Temiscouata and ask him to provide some comic relief—

Mr. Claxton: Mr. Chairman, —

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

Mr. Claxton: I rise on a question of privilege, Mr. Chairman. There is not a word of truth in what the hon. gentleman says; and I ask the hon. member for Temiscouata to confirm what I have said. I also think that this is a most improper remark to be made by one member about another.

An hon. Member: Not at all.

Mr. Ross (Souris): The minister certainly was improper.

Mr. Pouliot: I rise on a question of privilege, Mr. Chairman, and I will say that the Minister of National Defence did not say a word to me of that kind.

Some hon. Members: Oh, oh.

Mr. Pouliot: I asked him a question.

An hon. Member: What did he go over there for?

Mr. Pouliot: I will tell you what question I asked him. I asked him if the leader of the opposition had asked him a question about the detail of the item in the estimates, and he said no. I did not say a word besides that to the Minister of National Defence from the time the sitting commenced at eight o'clock tonight. I protest strongly against the unwarranted, untimely, uncalled for and untrue statement of the hon. member for Nanaimo.

Mr. Pearkes: Of course it is quite impossible for me, Mr. Chairman, to know what the conversation was.

[Mr. Pearkes.]

Mr. Claxton: On a question of privilege, Mr. Chairman—

Some hon. Members: Sit down.

The Deputy Chairman: Order. Two hon. members cannot be on their feet at the same time. When the chairman rises, hon. members must resume their seats. The hon. member for Nanaimo has made a statement. If I recall it correctly, it was that he had seen the Minister of National Defence go over, talk to the hon. member for Temiscouata, and ask him "to provide comic relief".

Mr. Pouliot: A shameful suggestion.

The Deputy Chairman: The Minister of National Defence rose to a question of privilege, said that the statement made by the hon. member for Nanaimo was untrue, and asked the hon. member for Temiscouata to confirm what he had said. The hon. member for Temiscouata rose on a question of privilege and also said that the statement made by the hon. member for Nanaimo was not correct. In the circumstances, I think there is a simple way of putting an end to the discussion of this point of privilege, that is to follow the practice and the rule of procedure in this chamber and accept the statement made by the Minister of National Defence and the statement made by the hon. member for Temiscouata. I would expect the hon. member for Nanaimo to do precisely that.

Mr. Pearkes: Mr. Chairman, I am pleased to admit that it was quite impossible for me to hear what the conversation was.

Mr. Claxton: Oh, no, Mr. Chairman—

Mr. Drew: Sit down.

Mr. Claxton: I rise to a question of privilege, and I ask that the hon. gentleman be asked—

Some hon. Members: Sit down.

Mr. Claxton: —be ordered to withdraw his statement.

Mr. Pearkes: Mr. Chairman, I repeat that I admit quite frankly it was impossible for me to hear what the Minister of National Defence said to the hon. member for Temiscouata. I drew conclusions. If these conclusions are wrong I frankly withdraw the statement which I made, in which I accused the Minister of National Defence of having asked the hon. member for Temiscouata to provide the comic relief; but the fact remains that the Minister of National Defence did walk over to and did have conversation with the hon. member for Temiscouata, and the hon. member for Temiscouata did provide the comic relief at that time.

Mr. Claxton: On a question of order, the hon. member for Nanaimo suggested that I, as a member of parliament and a member of the government, approached the hon. member for Temiscouata, than whom there is no less approachable member in the house, and asked him to co-ordinate our activities in order that we might provide some comic relief.

Mr. Pearkes: I did not say that.

Mr. Claxton: That is what he suggested. Now he has withdrawn that suggestion. He said that his conclusions were drawn from the circumstances. I ask, Mr. Chairman, that the hon. member for Nanaimo make an unequivocal withdrawal and apology.

Mr. Pearkes: Mr. Chairman—

Mr. Fulton: On a point of order—

The Deputy Chairman: The hon. member for Nanaimo.

Mr. Pearkes: I have only stated the facts, and I do repeat those facts: The Minister of National Defence did move across and did speak to the hon. member for Temiscouata. I have no knowledge of what he said. The hon. member for Temiscouata then came up and spoke to you, Mr. Chairman, and returned to his seat, and he was seen by you next. The hon. member for Temiscouata did provide the comic relief to this very serious discussion which was going on.

Mr. Adamson: Hear, hear.

Mr. Pearkes: I fail—

Mr. Claxton: I think the situation is much more serious than that. The hon. member for Nanaimo, for whom I ordinarily have the greatest respect, has brought forward a suggestion that I proposed to the hon. member for Temiscouata that he should do something or other, and that he did it. I deny it absolutely.

Mr. Fulton: All right; you are entitled to do that.

Mr. Claxton: The hon. member for Temiscouata has denied it absolutely. There is no warrant at all for the assumption which has now been repeated three times by the hon. member for Nanaimo, and he should make an unequivocal withdrawal of the whole thing.

Mr. Pearkes: Mr. Chairman, I have been stating only the actual facts which happened as I saw them, sitting over here. The Minister of National Defence moved across to the seat of the hon. member for Temiscouata. I have no idea at all what he said. I did assume—

Mr. Pouliot: I rise to a question of privilege—

The Deputy Chairman: Order.

Mr. Pouliot: —if you will permit me. The hon. member for Nanaimo has made a statement in the first place which was untrue.

Mr. Claxton: Wholly.

Mr. Pouliot: The Minister of National Defence rose on a question of privilege to deny it, and I did likewise. The hon. member for Nanaimo then withdrew what he had said. After that was done he rose again to make a second insinuation, and this other statement is just as untrue as the first one. The two statements were untrue. They were to the effect that the Minister of National Defence had suggested to me to speak on this matter, and in the second place that the Minister of National Defence had come to me to speak to me before going to the back benches outside the chamber.

I will tell you, sir, that when I went to the chair it was to ask the chairman who was going to speak after the leader of the opposition. He said: "No one". I said: "Will you please see me after he sits down?" Then on my way back the minister did not say a word to me, but I spoke to him and I said: "I will speak to the leader of the opposition about the advisory council on manpower". That was all.

In the second place, as I said before, I asked for information, and in order to convey that information to the house afterwards I asked the Minister of National Defence as aforesaid if the leader of the opposition had asked him for detailed information about an item in the estimates. He did not say a word to me, just shook his head in a negative gesture. That was all.

Mr. Fraser: He spoke.

Mr. Pouliot: He did not say a word, and afterwards I was speaking, and I was looking in front of me and I did not notice when the minister left his seat to go. He did not say a word to me. I know the hon. member for Nanaimo to be a gentleman and I hope that he will withdraw unequivocally what he has said.

Mr. Adamson: He has nothing to withdraw.

Mr. Pouliot: And which is completely contrary to the truth.

Mr. Adamson: Nothing to withdraw.

Mr. Pearkes: I honestly do not know how much farther I can go.

The Deputy Chairman: Will the hon. member permit me to help him?

Mr. Pearkes: Certainly, I will be glad to.

The Deputy Chairman: The hon. member has accepted the statements made by the

Minister of National Defence and the hon. member for Temiscouata as to the incorrect conclusions he had reached on having seen the Minister of National Defence going to talk to the hon. member for Temiscouata. He has withdrawn the objectionable words but immediately after withdrawing them he added something else. In his words there was an implication. Notwithstanding the fact that he was withdrawing the positive remarks that he had made he said the fact remained that the Minister of National Defence went to talk to the hon. member for Temiscouata, and the hon. member for Temiscouata came to speak to the chairman, and so on. From that there might be left the impression that the hon. member for Nanaimo was withdrawing the words at which the Minister of National Defence and the hon. member for Temiscouata took offence, but nevertheless what he had said previously might still remain in his mind to be true.

Mr. Fulton: He is entitled to that.

The Deputy Chairman: Order. Of course the point is difficult to judge. When the hon. member for Nanaimo says, here are the facts, and then links his statement of facts with the words previously withdrawn and says, notwithstanding . . . there may be something in the declarations made about which the hon. member has a right to complain. I know that the hon. member for Nanaimo, if he withdraws, does not want to withdraw and then leave the implication that what he has withdrawn still stands. I will read to him citation 240 of Beauchesne, third edition, which appears at page 103:

> It has been formally ruled by Speakers in the Canadian commons that a statement by an hon. member respecting himself and peculiarly within his own knowledge must be accepted, but it is not unparliamentary to temperately criticize statements made by a member as being contrary to the facts; but no imputation of intentional falsehood is permissible.

In this instance it is easy to dispose of the question of privilege. I know that the hon. member will not want to leave any implication that whatever he withdrew before still stands.

Mr. Pearkes: Mr. Chairman, I have already stated that I could not hear what the minister said; and when the minister told me that he had not made any remarks I withdrew my statement, and I withdrew it without any question whatever. I then described certain scenes which we all witnessed in the house, and I do not wish to refer again to those matters because all hon. members in the chamber saw what happened. Perhaps I might be criticized for saying that the hon. member for Temiscouata provided a certain element of comic relief. I do not know—if that word is not acceptable, I am not going to press it.

But then I do come to a point which affects me somewhat personally. Reference was made to a former minister of national defence. He was a minister of national defence of whom I have a very close recollection, not as a member of the House of Commons, but as one of the officers who served under the minister of national defence. I frankly admit that on many occasions my views did not coincide with his. But I want to tell you, Mr. Chairman, that I have a very vivid memory of an occasion when he visited the division I was commanding in England, and had to be wheeled around in a chair because he was incapable of walking. In spite of great physical pain he went to visit the troops of my division, and spoke words of encouragement to them.

The memory of that man's name is hallowed in my recollection, and I regard the late Colonel J. L. Ralston, who was then minister of national defence, as one of the great Canadians in our history.

As a Canadian, I feel somewhat humiliated in having to sit here tonight and listen to a vicious attack made upon a man whose memory I cherish, although on many occasions I did not see eye to eye with him in some of the judgments he made.

Mr. Pouliot: Mr. Chairman—

Mr. Pearkes: I want to say that.

Mr. Pouliot: I rise to a question of privilege.

Some hon. Members: Sit down.

Mr. Pouliot: I rise to a question of privilege.

The Deputy Chairman: The hon. member is rising to a question of privilege.

Mr. Pearkes: I have no desire to discuss that point any further.

The Deputy Chairman: Order.

Mr. Pearkes: There is one thing I should like to say—

The Deputy Chairman: The hon. member for Nanaimo will understand that when another hon. member rises to a question of privilege, it must be taken up immediately.

Mr. Pouliot: Mr. Chairman, I cannot thank you, but I appreciate the fact that you want the rules of the house to be observed.

An hon. Member: More than you do.

Mr. Pouliot: And by all members. I regret the words which have been just uttered by

the hon. member for Nanaimo, when he says that a statement made publicly in the House of Commons, and without any personal comment, was a vicious attack—

An hon. Member: What was it?

Mr. Pouliot: —on a former cabinet minister.

An hon. Member: That is not a question of privilege.

Mr. Pouliot: It is a question of privilege, surely, because I made no vicious attack against the memory of Colonel Ralston. I just mentioned a statement which is a public statement, and is recorded in *Hansard*, and I drew my conclusions from it. There was no personal word added to it, and there was no vicious attack against the late Colonel Ralston. I submit that under the circumstances the hon. member for Nanaimo should withdraw the expression "vicious attack".

Mr. Fulton: On a question of privilege—

Some hon. Members: Sit down.

Mr. Fulton: On a question of privilege; I am sure the house is glad to hear the withdrawal of the hon. member for Temiscouata with regard to this matter.

The Deputy Chairman: Order. The hon. member for Temiscouata has risen to a question of privilege and has asked the hon. member for Nanaimo to modify the expression "vicious attack". Before the hon. member for Nanaimo replies or explains the expression he used, I would refer the committee to citation 298 in Beauchesne, second edition, page 97, which says:

> The following expressions have been ruled to be unparliamentary in the British House of Commons:
> Alleging that a member's statements were—

And then there is a list of some twenty expressions, one of which is "vicious and vulgar". Then above there is the expression "a malignant attack"; and I would consider the words "malignant" and "vicious" to be somewhat similar in meaning. I would ask the hon. member to consider this citation.

Mr. Pearkes: If the word "vicious" is considered unparliamentary, I should like to qualify it. Would it be proper to say "unwarranted attack"? I am not trying to be provocative. But an attack was made on the late Colonel Ralston, and he was charged with the responsibility for the loss of Canadian lives. That cannot easily be passed over. As an officer who served under the late minister of national defence I could not help resenting that remark.

Now, I do not want to prolong this argument; it was never my intention to do so. The observation has been made that the opposition has not been able to make an effective criticism of the statements made by the government in connection with these defence estimates. The hon. member for Parkdale accused the opposition of not working on these things. I never heard any member of the government suggest before what an opposition should do in criticizing government policy—although they have quite frequently asked the opposition what they would do if they were in office.

However, those are not the main points. What I was rising to do was to make the suggestion that perhaps we might get along with a careful examination of the estimates—

Some hon. Members: Hear, hear.

Mr. Pearkes: —and that the Minister of National Defence had suggested that, after a general discussion on the general defence policy, we might turn to the details of the estimates as they are laid out at page 269 of the book of estimates. He suggested we might deal with them in the order of administration, inspection services, civil defence, and so on, and that they should be taken one by one so that there would be a chance to discuss each of them.

I had risen earlier because I was under the impression, rightly or wrongly, that the minister wanted time to collect his thoughts in order to reply to the leader of the opposition. Then another member from the government benches spoke. Perhaps the minister might now reply to the leader of the opposition, after which we might reach the stage when the committee would consider that it had dealt sufficiently with the general matters of defence and would be prepared to go ahead.

It was suggested just before six o'clock that this item be carried; but I do not think that was in accord with the wish of the committee as expressed yesterday, or the day before, when the minister himself made the suggestion that we take these items one by one. I personally concurred in that procedure, and I think the majority of members concurred. Therefore it must be realized, as the leader of the opposition has pointed out, that we do lack a great deal of information, that there are many matters that could be discussed in a smaller committee and the anxiety of members of the opposition would thereby be relieved if they could get answers to their questions. The members of the opposition realize full well that in the interest of security they cannot ask for full explanations here. They realize that they cannot ask the minister to give such answers in the house when every word that he says may be communicated to those who may possibly be our enemies. Therefore

there is a certain degree of anxiety and uncertainty, which is reasonable, amongst members of the opposition.

It is unfair for supporters of the Liberal government to accuse the opposition of not working and not being able to get information when every avenue of obtaining more detailed information is closed to them. We recognize that fact. The minister has stated time and time again in the past that he will not have a defence committee. Tonight the leader of the opposition has pleaded with the minister once again in this critical situation to give the opposition a committee. In the face of the challenges which have been made by members such as the hon. member for Parkdale, in the face of challenges which have been made in the press that the opposition is not doing its duty, in order that such challenges may be met the leader of the opposition has once again appealed to the Minister of National Defence for such a committee.

There is no thought of having a committee before which a General MacArthur or a General Marshall would be called. That is not the Canadian way of doing things, but the Canadian people have a right, I think, to have their representatives informed on certain matters which those representatives themselves realize it is not expedient to ask to have explained in the open forum of this house. There is the appeal made by the leader of the opposition. I hope that the minister has now had time to collect his thoughts and is ready to reply to the leader of the opposition. If that is done, and if there are no more questions on the general discussion, then instead of asking that the item be carried, as was done at six o'clock. I suggest that the committee follow the line of procedure suggested by the Minister of National Defence.

Mr. Wright: Mr. Chairman, I am sure we have witnessed tonight one of the most extraordinary happenings I have seen in this house in some twelve years. We have seen a Liberal member on the government side of the house rise in his place and belittle the judgment of a former minister of national defence who, as the hon. member for Nanaimo said, went to Europe in a wheelchair to try to find out the difficulties which confronted our troops over there. Yet the hon. member for Temiscouata rises in the house and belittles his judgment while members on the Liberal side sit with smiles on their faces. It is most extraordinary. After that we find the Minister of National Defence rising to defend his own reputation but saying nothing about the reputation of Colonel Ralston.

[Mr. Pearkes.]

Mr. Pouliot: Mr. Chairman, I rise on a question of privilege. Nothing offends me more than when my statements are distorted by anyone, colleagues, newspapers or anyone else. I can be called names and I do not care. The statements are there. What I said is recorded, and there is no reason whatever for the hon. member for Melfort, any more than the hon. member for Nanaimo, to distort what I have said and to draw wrong conclusions therefrom. I want them to be fair, honest and just and not to try to give a different meaning to what I said. I mentioned only one statement and I drew conclusions from it. I did not say anything else about the former minister of national defence.

Mr. Wright: That is exactly the point, Mr. Chairman. I am saying that the hon. member for Temiscouata drew absolutely unfair conclusions, conclusions which are not based on facts or truth.

Mr. Pouliot: That is your right, but it is your conclusions that are wrong.

Mr. Wright: The hon. member for Temiscouata got up in this house and implied that Colonel Ralston's statement in the house that he thought the Canadian troops needed reinforcement was the cause of the German attack on the American front.

Mr. Pouliot: The hon. member remembers if he said that?

Mr. Wright: I remember it, and for any member of this house to get up and say such a thing, and other members behind him smile at it, and the Minister of National Defence not come to the defence of the former minister—

Mr. Pouliot: Nobody smiled about it, only the hon. gentleman.

Mr. Wright: Oh no; there were no smiles on this side of the house. The smiles were all behind you. That is all I am going to say on this matter. The leader of the opposition stated that he believed we should have more details before us before voting on this first item. The first item is a vote of $1,412 million. The total amount which we are going to vote in these estimates for all departments of the government this year is $2,441 million. For all other items besides national defence contained in the book of estimates we are only going to vote $1,029 million. What information is there in the book on this first item of national defence? There is half a page in a book of some 500 pages and four pages of details for a vote of $1,412 million.

Let us look at what they do in some other parliaments. I have in my hand the books of defence estimates of the British House of Commons for 1951. The army estimates contain ten items and there is a book of 196 pages giving details and explanatory notes. Then there are the air estimates, another book of 212 pages of details and explanatory notes on all the different items. Then we have the navy estimates, a book of some 300 pages with details and explanatory notes for all the items. That is what members of the British house have before them when they vote on their national defence estimates. We have an item of $1,412 million occupying half a page plus three pages of details of services. I ask hon. members if that is a fair thing to present to this house. Is it any wonder that the house wants a committee? Is it any wonder that we need more details before we can intelligently vote $1,412 million for this purpose? The people of this country are prepared to spend money for national defence, but they do expect this house to see that the money is spent wisely. That is what we are sent here for; that is what the hon. members who sit behind the Minister of National Defence are here for. Yet we see them ready to accept everything the minister wants to say. When the hon. member for Temiscouata makes a comic opera speech, they pound their desks. To them it is funny. Well, it is not funny to the people of Canada. With the situation that exists in the world today we in this house should realize that these defence estimates may mean life or death to many of our young people. We should see that we get the best value for our money, the best planes, the best tanks and the best equipment possible.

Are we getting it? Well, between 1946 and 1950 we spent $1,237,294,000 on national defence; but when we had to send a brigade to Korea we had a hard job to find the men. When the defence estimates were before the public accounts committee it was admitted that we did not have one modern tank in 1950. It was admitted that we had only two jet-propelled planes in 1950, and one of them blew up. It was admitted that when we sent three destroyers to Korea we had to scrape the bottom of the barrel to get enough men to man them. Yet we spent $1,237,294,000 in 1946-47, 1947-48, 1948-49 and 1949-50. Is it not time we asked a few questions in this house? Is it not time we got a few more details? I think we should have more information in the estimates so we can intelligently discuss the expenditure of this $1,412 million.

I do not like the attitude of this house tonight. I did not like the speech of the hon. member for Temiscouata, making a joke of this whole matter of defence. It is too important at this time to joke about. Some twelve months ago the Minister of National Defence intimated that we were going to raise forty squadrons, and that we would send eleven squadrons to Europe. What have we done? We have sent one squadron to Europe. We are going to send two more, and when those squadrons are finally equipped and sent we will have one squadron left at home. It is true that it takes time to produce jet planes; we realize that, but I do not think it takes all the time we have spent in the last four years.

As far as I am concerned I believe we should have a national survey of the manpower and material resources of this country. I do not believe we can have an efficient war effort without first knowing what we have to work with. That is the first problem, and it is time we had that survey. I do not care whether you call it national registration or anything else; it is essential that we have it. It is essential that when we are spending the sums of money we are going to spend this year and in the next three years, we have a committee on war expenditures such as we had during the last war, which can keep track of these moneys. That is all this house wants. It wants the government to take it into its confidence, and see that the taxpayers are getting value for the money being spent on national defence.

Mr. Gardiner: I think I am the senior member of the government in the house at the moment, and one of three in their seats this evening who served in the government during the time Colonel Ralston was a member of the government. On a question of privilege, Mr. Chairman, I want to call your attention to the fact that the hon. member for Melfort made a suggestion which I think it is improper for a member of this house to make. Everyone knows that the hon. member for Temiscouata has the ability to bring smiles to the faces of members on all sides. He also has the ability to turn around and move some of us to tears occasionally. During the greater part of the speech this evening by the hon. member for Temiscouata there were smiles on the faces of all hon. members of this house.

Some hon. Members: No.

Mr. Gardiner: Well, one hon. member has called attention to the fact that we sit face to face in this house, not in a circular arrangement. Sitting in a front bench on this side I think I have an opportunity to see the faces of hon. members on the other

side a little better than they can see themselves. I think I would be quite correct in saying that every hon. member on the other side smiled at certain remarks that were made by the hon. member for Temiscouata.

Mr. Macdonnell (Greenwood): Not when he was talking about Ralston.

Mr. Gardiner: I would be just as correct in that statement as any hon. member opposite would be in saying there were smiles on this side of the house. I do not know what expression was on the faces of those behind me, but I do know the expression that was on my own face and I know the expression that was on the faces of other hon. members I could see. Hon. members were not smiling at the particular remark which was made and which has been referred to. Some hon. members may have agreed with it and some may have disagreed, but to say that hon. members on this side of the house had smiles on their faces as a result of the suggested attack on a previous minister of this government is contrary to the facts. Hon. members on this side did no such thing.

The hon. member made a statement to the effect that hon. members over here smiled at suggestions that were made in connection with the slaughter of men during the last war. There is not a member on this side of the house or on the other side who would smile at a statement like that. Statements may have been made that caused hon. members to smile, but no hon. member on either side of the house smiled because of those remarks, whether or not they agreed with them. I want to make this correction in the *Hansard* that contains the remarks of the hon. member for Melfort. Those of us who served in this house during the last war, particularly those who served in the government during the whole war, and those of us who had members of our families serving overseas, rather resent anyone making the statement in this house that we smiled at anything that happened during the last war. We did not smile at any reference made to the prosecution of the last war. There may have been other things in the speech at which we smiled, but I think a statement of that kind should be withdrawn.

Mr. Wright: I am quite prepared to accept the statement of the minister as far as he personally is concerned, but I notice that a second minister rose without defending Colonel Ralston.

Mr. Gardiner: Colonel Ralston does not need any defence by anyone in this house. Colonel Ralston made a reputation for himself that is written into the history of this country, and it does not require defence. I may have disagreed with him, just as the hon. member for Nanaimo said that he as a soldier may have disagreed with the minister during the war. I may have disagreed on certain matters, but I recognize the fact that no greater servant of the Canadian people ever lived than Colonel Ralston, whether he was right or wrong on certain occasions.

Mr. Pouliot: Mr. Chairman, I rise on a question of privilege, with respect to the speech made a moment ago by the hon. member for Melfort. I will remind him of this, that if I made jokes about the living I respect the dead. There was no jocular remark in my reference to the statements of the former minister of national defence, and the hon. member knows it.

Mr. Wright: Then why make the reference?

Mr. Ross (Souris): Before I proceed with the remarks I want to make, I want to refer to what I consider to be a burlesque in this house for the last forty or fifty minutes this evening. I was ashamed of it. As the Minister of Agriculture has stated, I too had the privilege of serving in this house from 1940 on, and during the greater part of the war with the then minister of national defence, the late Colonel Ralston. Like Colonel Ralston, I had the privilege of serving in the first world war, and I want to say to this house, and to the country, that Colonel Ralston enjoyed a great reputation as a soldier in the first world war. As the Minister of Agriculture has stated, he was a great Canadian. He should be remembered by the people of Canada as a great public servant, and a great Canadian. I am very sure that the service he gave to this country as minister of national defence greatly shortened his life. I was ashamed to hear my good friend the hon. member for Temiscouata state that the former minister was responsible for the slaughter or loss of Canadian lives. Now, that is a very nasty thing to accuse anybody of.

Mr. Pouliot: Mr. Chairman, I rise on a question of privilege. The word "nasty" is unparliamentary and I want the hon. member to withdraw it. I want him to behave properly according to the rules of the house. There must be an end to the distortion of what I said. I want a ruling.

The Deputy Chairman: I do not want to enter too much into the discussion that is now taking place. We have before us an incident with which it is very difficult to deal. On the one side some hon. members feel that they must say something about the good deeds and the memory of a late minister of the

crown, who sat in this house for many years. On the other hand, the member who has provoked these statements claims that he did not want to attack the memory of the late minister, and he has risen on a question of privilege to have words withdrawn that are attributed to some statement he has made, such as the word "nasty". As he says, this word appears in a long list of those words which, at one time or another, have been considered unparliamentary.

I think that perhaps we should look at this incident in another way. Impartial as I am in this dispute, I think the committee will permit me to ask hon. members if, from the point of view of prestige, decorum and order, we are gaining much by pursuing this discussion. I shall ask the hon. member for Souris to continue his remarks, but I would ask him also to bear in mind the remarks I have just made. I believe the members of the committee should now consider taking up a suggestion which was made by the hon. member for Nanaimo and the Minister of National Defence, and that is to study the details of the estimates as shown on page 269. We could proceed by calling each heading: administration, civil defence, general services, and so on.

Mr. Ross (Souris): I bow to your ruling, as you know sir, and I shall withdraw the word "nasty" if it is improper. I still must maintain that I believe it very undignified and very improper for a member of this House of Commons to speak of a past member as was done this evening. I believe my good friend the hon. member for Temiscouata, after having had time to think this over, will be parliamentarian enough to get up and apologize for some of the words—

Mr. Pouliot: Well, well, I do not want a lecture.

Mr. Ross (Souris): He may withdraw the statement he made about the minister of national defence being responsible for the loss of Canadian lives. I shall go further, Mr. Chairman, and say that I was surprised the Minister of National Defence did not attempt to get up as soon as the member sat down and refute some of those statements, or defend the former minister of national defence whom he served in this government during those war years. I know the Minister of National Defence was a very good soldier in the first war. I am sure when he has time to think this over he will refute the statement made by a member of his party this evening, and will speak on behalf of his old colleague the late Colonel Ralston. I know he is the type of soldier, minister, and member of this House of Commons who will do that when he replies.

I do not wish to say anything further about that, but I hope we do not have any more remarks like that about a great public servant, and a great Canadian citizen, such as the late Colonel Ralston. With respect to these estimates, in view of the requests that have been made in the past, it is possible that the Minister of National Defence may decide, after consideration, to set up a committee of this house on national defence. As I listened to the member for Temiscouata, I thought he was most inconsistent. He said we now had a select committee of this House of Commons, and then he proceeded to ridicule the idea of giving certain information publicly to this committee. The idea in setting up a select committee composed of members from all parties of this house is to give them access to information, and an opportunity to question some officials who cannot be questioned under our procedure in this house. I think that is very proper, and I am very keen about having a committee set up during a time of great international distress such as we now have.

There is another matter about which I am personally very much concerned. I want to make a request to the minister, and to the government, that those people who are actually serving in a theatre of war—young men are dying for us in a theatre of war today—and who are making this great sacrifice, should be exempt from income tax. I do not say that the people who will be going to Europe prior to the declaration of war there should receive that consideration. I do not believe there is a patriotic citizen in Canada who would not be willing to exempt from taxation the troops who are actually serving in a theatre of war. I believe that is the least this government can do. I want to make a very earnest plea to the minister to use his influence with his colleagues and have that done.

I was very surprised to hear the minister state—at least I thought he did—that it was very difficult to find an area large enough in this great nation of ours to handle brigade training. Surely that can be brought into being in this country. If I followed the minister correctly, that was what he implied. We have examples in Great Britain, where they have had a committee such as the one for which we have been asking here. I am sure that committee has rendered great service to the taxpayers of that country without giving any information to the enemy. It is just drawing a red herring across the trail to make accusations such as that. There

are many other things that I might have discussed, but I do not want to take further time of the committee, because I know the minister wants to reply. I hope he will accede to the setting up of this committee, which is so very important from all angles to the people of this nation during these difficult and distressing times. I hope the minister will give fair consideration to these requests that I have made, Mr. Chairman.

Mr. Brooks: Mr. Chairman, I had not intended to make any remarks in this debate but I am rather inspired to do so by a remark that was made by the minister this afternoon to the effect that a unit which has its headquarters in my town in the province of New Brunswick was the first unit in Canada to complete its complement with regard to recruiting.

Mr. Claxton: I did not say that. I do not know that yet. I just said it had completed it on the first day.

Mr. Brooks: If it completed it on the first day, I think the minister can rest assured that it will continue to complete it and will be ahead on the last day.

As I say, we are proud indeed of that accomplishment. I might also point out that we in New Brunswick are proud of both the units that have been chosen or selected by the minister for this special brigade. We would also have been proud if the other units in that province had been chosen, because our reserve units in New Brunswick have always done well. Not only in this war but in previous wars they have always maintained their record with regard to numbers in recruiting. I think this is a significant fact. I do not think it is because we in New Brunswick are more patriotic than are the people in any other part of Canada; but there is another factor which also helps recruiting in our province, namely the fact that our people in that section of the dominion have not the large amount of employment which is enjoyed in other parts of Canada. I am not saying that this is the prime reason why the people of New Brunswick are the first to fill their units; but in the past it has been one of the reasons. I should like to say to the minister and to the cabinet that I hope we shall not only be the first in filling the units, having regard to recruiting, but that we also shall be given the opportunity of being the first in providing war materials and other necessities.

I remember that in the first war Colonel Fowler raised, in my province, two regiments inside a month. In the last war there was a unit which went to Hong Kong. When it was given orders to prepare to go to Hong Kong, it had not more than 50 per cent of the men required. The men could not be recruited in their own recruiting section, and these men were recruited from New Brunswick. One reason for that was that, in the section in which this unit should have recruited, there was so much employment that they could not get the necessary recruits and had to get them from the province of New Brunswick.

If a war occurs we shall have to raise hundreds of thousands of men, as we did in the past two wars. It is possibly not necessary now; but if it becomes necessary to raise large numbers of men, as it was in previous wars, we shall have to adopt some other system of providing men than that by which they have been provided in the past; because the system which we have had does not bear fairly upon sections such as the one from which I come.

I was not here tonight, Mr. Chairman, when this debate arose with regard to Colonel Ralston. I do not intend to make any derogatory remarks about anyone. I did, however, know Colonel Ralston. I come from the maritime provinces, as did Colonel Ralston; and may I say that there is no man at present or in the past whose name stands higher in the maritime provinces than does that of Colonel Ralston. He was a great soldier and a great Canadian. I had the opportunity of serving under him in the city of Fredericton—in a camp there—and also in Windsor, Nova Scotia. I received much help from him.

The great crime which Colonel Ralston committed, if he committed any crime in the eyes of the people of Canada, was this. In the latter part of the war, when he knew that there was a great scarcity of men overseas, he asked for men in Canada. He knew that there were in this country thousands of well-trained men who could have gone overseas to assist the men fighting in Europe at that time. But instead of getting the men that he required, as he expected, he came to my camp and he went to camps in other parts of this dominion, and had to take cooks, clerks and hundreds of other men who were poorly trained instead of the men whom he had hoped to get, namely the well-trained men throughout Canada. If any crime was committed by Colonel Ralston, I say that was it; and I think it is one that every fair-minded man and woman in Canada will say that he was justified in committing.

It is not my intention to say anything more tonight, Mr. Chairman. I deeply regret that the name of a great man and a great Canadian should have been brought into this debate tonight as it has been, and that the debate should have been conducted in such a manner as it has been conducted tonight.

Mr. Fair: Mr. Chairman, I will not take up too much time; in fact, I will take just a few minutes. I also want to pay my respects to a great Canadian in the person of the late Colonel Ralston. He has been condemned by some here just because he was doing the right thing for his country in trying to have equality of service, something which we have advocated right along. I think that by this time the facts are known, even though at one time they were not known to most people throughout the country.

On the 18th day of last month, in the debate on the budget address, I advocated that the men who were doing our fighting should not be subject to income tax. At that time I pointed out that they are paying their full share over there, by offering everything they have. They do not know whether they will ever return to this country; and if they do so, they are asked to help pay off the war debt and contribute towards paying other expenses which are in some cases unnecessary. They are asked to do this in addition to doing their bit over there. In spite of the explanation given by the parliamentary assistant to the Minister of Finance this afternoon, with his customary energy, I feel that some method can be worked out which will free the fighting men of the obligation of paying income tax. Let those who are staying home and making good profits make up those taxes.

There is a question that I want to ask the Minister of National Defence in connection with a camp in the best constituency in Canada. I refer to Wainwright camp in the Battle River constituency. At the present time it is one of the largest camps in Canada, although not many years ago we had buffalo, yak, elk and many other animals running about the country there. They were inside fences; but the national park has been done away with, and now it is turned into a military camp. On another occasion last year I had representations from the people of the town of Wainwright and the board of trade there with respect to housing for the wives and families of the officers and men attending that camp. The board of trade pointed out that in that town there have been provided schools, a good hospital, water and sewers. I understand that at the present time nothing has been done in connection with providing homes for the wives and families of those men serving at that camp. Only a short time ago I read that quite a large amount of money is being spent at Rockcliffe air station in order to provide similar accommodation. I should like to know now from the Minister of National Defence what provision is being made at Wainwright camp. Buildings might be erected either at the town of Wainwright or near the camp, wherever the department might find it to be most suitable for them to be erected.

Mr. Coldwell: Before the minister speaks I want to reiterate a suggestion that we have made several times, and that is for a war expenditures committee. I have noticed that at times it has been referred to as a defence committee. I want to make it very plain to the minister and to the committee that we think the defence policy of the government must be the responsibility of the government. It is not a committee to go into all the phases of defence, and the policy of the government regarding defence, that I think the house needs. I do not think anyone in the house is really asking for that, but sometimes it is said that that is what is being asked for. What we need is a committee that can go into all the phases of war expenditure, including the expenditures of the defence departments.

We did that in effect during the last war. At the beginning I think it was intended that this might be confined more or less to the department of munitions and supply, but hon. members who were on that committee will recall that we had the military men before us who told us a great deal about the equipment, the expenditures and the arrangements made for obtaining the equipment. We all saw to it, or we were given the information to enable us to understand, that we were getting the equipment that the armed forces needed.

I just rose to say that, because I did not want the minister to misunderstand. It is not a committee that would go into the policy, because we cannot take the responsibility for that policy. We can take responsibility only for the things that concern us as a house.

Just before I sit down I want to say also that all of us who sat in the house during the war had, I think, the highest regard for Colonel Ralston. As has been said so many times here this evening, he was a great Canadian, he was a great gentleman and one who invariably treated every hon. member with the greatest consideration and courtesy. Indeed, because he attended to the matters that were brought to him by individual members and because he was working long hours, as I know his own staff of assistants did, he served his country in a manner that I think will be an example to any minister of the crown in any department who may come after him in the years ahead.

Mr. Adamson: The quite shocking statement has been made in this house at least

by implication that Ralston's policy cost us lives, whereas as a matter of fact, Mr. Chairman, if there was any Canadian during the last war whose policy saved lives it was Colonel Ralston, and his insistence on getting the reinforcements that were needed instead of sending tired men back into the line over and over again, units with half or two-thirds strength, units improperly rested, units filled, instead of with combat infantry, with cooks, clerks and people not properly trained in their weapons—if there was any individual whose policy saved Canadian lives in the last war, it was Colonel Ralston. And in order to keep the record straight I want to read into this night's *Hansard* Colonel Ralston's statement on November 29, 1944, after he had resigned from the cabinet, as the reasons why he resigned, and as recorded at pages 6668 and 6669 of *Hansard*. I want to quote three paragraphs of Colonel Ralston's statement:

It is most desirable that losses be replaced quickly. If they are not replaced, there are less men for the job, with the consequent additional strain. If they are not replaced, morale is bound to be lowered. It is all very well to say that units may be filled up by the end of the month or the end of the week, but what about the days and nights in between? And so pools of reinforcements in the battle areas ensure that reinforcements are available to the units when needed. It ensures that they are not dependent for their reinforcements on the arrival of a convoy, or the uncertainties of how many the convoy will bring due to shortages in the United Kingdom or in another battle area.

It means everything to men in the line to see new men come in beside them to fill the gaps while the battle is on. The men can understand shortages if they know that there are no reinforcements available, but it is different—and I found this particularly in Italy—when the men know that we have these trained infantry men of the N.R.M.A. in Canada who can be made available.

In Italy I visited the reinforcement unit and most of the infantry battalions. I talked with the men themselves, and time and again I got that same story—about having to go back in the line repeatedly, or not having leave, or being short-handed, when trained N.R.M.A. men could be made available to give them relief.

Then on page 6669:

In the last war—

That is the first world war. I continue:

In the last war battles were short, the objectives were limited and long static periods intervened. In this war a battle is a series of continuous offensive operations, or, to put it the other way, a battle is a continuous series of offensive operations. That makes it most necessary that units while they are in the battle, be reinforced on the move to keep up the momentum of the operation and each unit's fighting efficiency. That does not mean that units are kept in the line a longer time than they should be. They are withdrawn and replaced constantly by other units. It only means that, while they are there, the activity is more intense, and to support men and the success of the operation the ranks should be filled up promptly.

[Mr. Adamson.]

That was the statement the minister made on that memorable night of November 29, 1944. That was the statement of a man who had seen what lack of reinforcements did to an army. He had spent not only days but weeks in Italy on the fighting fronts, and he knew from first-hand experience how the shortage of reinforcements increased the incidence of casualties. The fact that he had to resign from this government for his courage is to me one of the black marks on Canadian political history.

I want to come now, Mr. Chairman, to the question of a defence committee. I have advocated this for some years, and a minister just the other day, in fact the day before yesterday, emphasized the importance of this committee. General Marshall, in testifying before the Senate committee, said that if certain policies were carried out, Russia was likely to declare war on us and, according to the report I saw in the newspaper—I have not got it with me—rain atomic bombs on the defenceless cities of the United States and other parts of North America.

Well, if that statement is true, if our potential enemy has this weapon in such numbers as intimated in General Marshall's testimony, then the House of Commons and the country should be apprized of the fact. It is not a matter of secrecy. The Secretary of Defense in the United States made that statement; and if he made it, surely we should be informed of the true situation. If the situation is as represented by the press reports, then we should know exactly what the situation is. If it is not as General Marshall states, then he has made a political statement to the defence committee.

That is something that affects us very closely in Canada. If our potential enemy is making atomic bombs in large quantities, then it is surely debatable as to why we should not be making this weapon ourselves. Those are questions a defence committee could go into. No one on the committee would ask for secret information. The situation as intimated by the Secretary of Defense in the United States in open testimony, or at least in testimony that was not censored, certainly indicated that we in North America are in a most perilous state. The House of Commons, the representatives of the people of Canada, should be informed equally as well as the representatives of the people of the United States; and I feel that a defence committee is a proper instrument for that information. I say this sincerely, that a defence committee would be of inestimable

help to the government. In a defence committee, composed, presumably, to a great extent, of ex-servicemen, it would be impossible to have what one must consider to have been the rather disgraceful scene we saw in this chamber tonight.

Mr. Claxton: Mr. Chairman, we have had a long day. There has been a good deal of heat, and not much light.

An hon. Member: Who started it?

Mr. Claxton: I suggest that around about five or five-fifteen there was a general impression that we were ready to consider the estimates of the Department of National Defence in detail, beginning at page 269. Since that time events have taken a different turn, and no one could regret that more than myself.

We have a heavy responsibility today, trying to do everything we can to get this country as prepared as it can be, with the resources put at our disposal by parliament. On that account it becomes important that we should get on with the job and have the utmost possible guidance from parliament. But parliament itself has its own responsibility in ensuring that in the support of our great defence effort—and it is a great one—we should have the enlightened and informed support of the whole Canadian people, every section of it.

On that account it becomes of terrific importance that what we say here and what we do here should be said and done with a full sense of responsibility, so that we build up our strength and the strength of the nations allied with us, and so that we encourage our people to work together, and so that we create unity—not disunity.

Every now and again I recognize—and I have been ten years in the House of Commons—that we have an interlude where some exchange takes place. But it is terribly important that we get back to the main job, which is that of building up the defences of this country so that we, with others, can stand against the forces of the aggressor nations.

On that account I must say before the debate concludes tonight, for the purpose of the record—because it is unnecessary to do it for any other reason—that Colonel Ralston needs no praise from me, or from any other man in the House of Commons. Nothing we can say or do here will add to or detract from the record he has made for himself. That lives in the records of Canada.

But I do say: Let us get on with the job—just as he would have wanted us to do. Let us start at page 269, as I thought we would this afternoon, and give the information that can be given—and which we are being prevented from giving, by a discussion such as that which occurred.

Mr. Drew: Don't talk nonsense.

Mr. Claxton: If I am concluding this discussion—

Mr. Drew: You are not.

Mr. Claxton: Then I might have something to say later.

Mr. Fulton: The man who started it was your own member from Temiscouata.

Mr. Claxton: I might have something to say later, but I had hoped we would get on with the business, which is to discuss the estimates of the Department of National Defence, which are before the committee in the form recommended by the Auditor General. This is the form similar to that adopted by other government departments, and it is changed substantially from last year. We are here to do that, and we would like to get on with the job.

Mr. Drew: Mr. Chairman—

Some hon. Members: Eleven o'clock.

Mr. Drew: Perhaps it would help if the minister would answer the question which has been asked, and that is as to whether he is prepared to appoint a committee. Then there would be a chance to get on with the business with some assurance that we would get the facts.

Mr. Claxton: The appointing of a committee is not for me; it is for the government. The answer has been given half a dozen times.

Item stands.

Progress reported.

BUSINESS OF THE HOUSE

Mr. Fournier (Hull): Tomorrow we will continue this debate. When it is concluded we will take up the veterans resolutions—and there are three of them on the order paper—Nos. 16, 5 and 17. I hope we do reach them.

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

HOUSE OF COMMONS

Friday, May 11, 1951

The house met at three o'clock.

COMMITTEES OF THE HOUSE

PUBLIC ACCOUNTS—VETERANS AFFAIRS—CHANGES IN PERSONNEL

Mr. L. D. Tremblay (Dorchester) moved:

That the name of Mr. Gibson be substituted for that of Mr. Cruickshank on the standing committee on public accounts.

That the name of Mr. Hosking be substituted for that of Mr. Carroll on the special committee on veterans affairs.

Motion agreed to.

NATIONAL HOUSING ACT

PROVISION FOR INCREASE IN INTEREST RATE ON JOINT LOANS

Hon. Robert H. Winters (Minister of Resources and Development): Mr. Speaker, during the last few weeks many hon. members have expressed concern about the prospect of a diminishing volume of housing being built under the National Housing Act, particularly parts I and II, which provide for joint loans, and I wish, therefore, to make a brief statement on this subject.

In 1950 about 40,000 residential units were financed jointly by the Central Mortgage and Housing Corporation and approved lending institutions under the act in the amount of approximately $280 million. The interest rate to the borrower is limited by the act to 4½ per cent. By agreement, pursuant to the act, the lending institution earns 5 per cent gross upon its three-quarter share and Central Mortgage 3 per cent gross on its one-quarter share of the loan.

During recent months, mortgage interest rates, in common with other interest rates, have risen. As a result there is a growing unwillingness of lending institutions to participate in National Housing Act loans at the present rate of interest. It has been pointed out by several hon. members that builders for home ownership or rental as well as prospective home owners are experiencing the effects of reduced activity under the National Housing Act. There are insufficient inducements to keep the lending institutions operating under the National Housing Act with a gross return of 5 per cent when higher rates are readily available to them in the conventional mortgage field.

On May 2 the hon. member for Spadina (Mr. Croll) asked what steps would be taken to enable the act to continue to be effective. I believe it is the opinion of hon. members generally that steps should be taken to assure the continuance of the general benefits of the act as contemplated by parliament. Therefore, I propose to introduce, as soon as possible, for the consideration of this house amendments which will have the effect of permitting an increase from 4½ per cent to 5 per cent in the interest rate payable by the borrower upon joint loans. Under such an arrangement, the lending institutions, upon their share of the joint loan, would earn a gross interest of 5½ per cent, and Central Mortgage would earn 3½ per cent upon its share of the joint loan. A change of one-half of one per cent in the interest rate amounts to 25 cents per month per $1,000 of loan. The proposed amendments will provide also for a like increase in interest rate in all other types of loans made under the act.

While the proposed amendments are being considered, National Housing Act mortgages must be registered at present interest rates prescribed by the act. Only after the proposed amendments have received royal assent can mortgages under the act be registered at the new rates.

The changes which I propose will restore joint loans under the National Housing Act to about the same position relative to other investments which they had prior to recent changes in the interest rate structure. Although there are evidences that more investment opportunities now exist than there are funds for investment, nevertheless it is hoped that the lending institutions will make National Housing Act loans readily available under these terms. There is reason to believe that such will be the case, because a number of lending institutions feel that loans under the National Housing Act, with its guarantees, are not only a satisfactory investment, but that the making of them is a public service.

Mr. Fleming: Mr. Speaker, may I ask the minister if or when the government intends to resume lending, through Central Mortgage and Housing Corporation, the additional one-sixth provided by the 1949 legislation, the withdrawal of which has had so much to do with the reduction in the volume of housing built with the assistance of the act?

Inquiries of the Ministry

Mr. Winters: I believe the hon. member is fully familiar with the reasons leading up to the decision to suspend the one-sixth. I can only say that when the decision is made to restore it, an announcement will be made at that time.

MINES AND TECHNICAL SURVEYS

PAYMENTS BY DEPARTMENT FOR PROFESSIONAL AND SPECIAL SERVICES

Hon. George Prudham (Minister of Mines and Technical Surveys): Mr. Speaker, on May 8 the hon. member for Kamloops (Mr. Fulton) referred to the answer I gave on May 7 to his request for information concerning the total amount paid by the Department of Mines and Technical Surveys for professional and special services in the fiscal year 1950-51.

The answer that was given is correct. It indicates the actual expenditure made in 1950-51 according to the basis of account classification used by the department in that year. However, as members realize, on the recommendation of the public accounts committee and the Auditor General, the form of presentation of the estimates was materially changed for 1951-52. This has resulted in a considerable change in our department in the method used to classify expenditures. In order to provide a basis for comparison with this year's estimates, last year's accounts have been reconstructed in the same manner for purposes of comparison only.

PRIVATE BILL

FIRST READING—SENATE BILL

Bill No. 267, to incorporate the Scripture Gift Mission (Canada) Incorporated.—Mr. Fleming.

FREIGHT RATES

QUESTION AS TO LEGISLATION TO PROVIDE FOR EQUALIZATION

On the orders of the day:

Mr. H. R. Argue (Assiniboia): I should like to direct a question to the Minister of Transport. Has the minister's attention been drawn to a dispatch in this morning's press regarding legislation for the equalization of freight rates? Can the minister say when such legislation will be introduced, and will it include the recommended $7 million subsidy for the maintenance of the rail link between east and west?

Hon. Lionel Chevrier (Minister of Transport): I have not seen the dispatch in this morning's press. All I can tell the hon. member is that the legislation to which he refers is still under consideration. When it is finalized, it will be placed on the order paper.

Mr. Argue: During the present session?

Mr. Chevrier: I hope so.

RAILWAYS

ALLOCATION OF BOX CARS FOR MOVEMENT OF WESTERN GRAIN

On the orders of the day:

Mr. J. A. Ross (Souris): I should like to direct a question to the Minister of Transport, with respect to the present shortage of box cars for the movement of grain in the prairie provinces. I should like to be permitted to quote one of several telegrams received today, and this one is from Reeve R. A. Patterson, of Boissevain, Manitoba. It is very significant. It says:

> Cars for grain urgently needed in this municipality; this covers station of Boissevain, Ninga, Croll and Regent. Approximately, by estimate of elevator agents at Boissevain alone, 145,000 bushels on farms to come to Boissevain, besides approximately 200,000 in elevators. Grain must be moved to make room for new crop and to help farmers to finance this year's operations. Considerable of this grain is tough; need over fifteen cars a week to clear Boissevain alone by July 31.

An answer to a question in my name which appears on page 2607 of *Hansard* for May 2 sets forth the problem facing the three prairie provinces by estimating the amount of grain still held in country elevators. This is a very serious matter.

Hon. Lionel Chevrier (Minister of Transport): The hon. member sent me a copy of a telegram which he had received from Mr. Patterson, the reeve of a municipality in western Canada. The copy was in his own handwriting, and I am sorry to say it was rather difficult to read. I believe I should add that many other members in the house are receiving similar telegrams, and if I were required to answer them on the orders of the day I suppose we would have to deal with any number of questions. I know that the position is urgent. I can tell the hon. member that it is the responsibility of the wheat board to direct the movement of box cars to the municipalities. The best I can tell the hon. member is that I shall be glad to bring to the attention of the wheat board the representations made by the reeve of this municipality.

The general position concerning box cars is exceedingly better than it was when I made a statement some ten days ago. In fact, the unfavourable balance is now down to 3,176, which is a decrease of 4,300 cars in less than three weeks. At the time I made my statement in the house on April 25, I

indicated that it was hoped that 27 million bushels of grain would be shipped from the lakehead during the month of April. As a matter of fact, 30 million bushels have been shipped, which is 3 million over the estimated April requirement.

Mr. Ross (Souris): From the lakehead, or to the lakehead?

Mr. Chevrier: From the lakehead, and down the river. Then I stated that the delivery of grain cars to Vancouver was not as satisfactory as the chairman of the Canadian wheat board hoped. I made that statement in April. Since then a considerable improvement has taken place. During the period April 23 to May 8 inclusive, the requirement of the wheat board for deliveries to Vancouver was approximately 2,800 cars, and the railways were able to deliver to Vancouver some 3,150 cars. At the same time, the over-all position during the same period—that is, April 23 to May 8—was well in keeping with the requirements indicated by the wheat board. Total loadings were 17,489 cars as against a requirement of 17,808 cars. The house can therefore see that the position is far better now than it has been at any other time since the inception of the difficulty.

Mr. Ross (Souris): It is still bad, though.

SAFETY OF LIFE AT SEA

USE OF RADIOTELEPHONE ON SHIPS ON THE GREAT LAKES

On the orders of the day:

Mr. Howard C. Green (Vancouver-Quadra): I too have a question for the Minister of Transport; this seems to be one of his days. Apparently an agreement was reached yesterday between Canada and the United States concerning the regulation of the use of the radiotelephone on ships on the great lakes. Can the minister make a statement about that agreement, either today or in the near future; and also can he tell us whether it will mean legislation?

Hon. Lionel Chevrier (Minister of Transport): A Canadian delegation and a United States delegation have been discussing for the last four days matters concerning the safety of life at sea with reference to the use of radio on the great lakes. They have reached agreement, but unfortunately it has not been possible for me to discuss this agreement with my colleagues in the cabinet. That will be done in the near future. Whether or not legislation will be required I am not able to say. I think it may, but certainly not at this session.

Inquiries of the Ministry

POULTRY AND POULTRY PRODUCTS

IMPORTATION OF EGGS FROM HOLLAND—POULTRY IMPORTS

On the orders of the day:

Mr. William Bryce (Selkirk): I wish to direct a question to the Minister of Agriculture. Has his attention been drawn to a dispatch announcing the arrival of hundreds of cases of eggs from Holland, and has he any comment to make on it?

Right Hon. J. G. Gardiner (Minister of Agriculture): The hon. member was kind enough to give notice of his question, and I have therefore had an opportunity of reading the article to which he refers.

I am advised that 1,300 cases of eggs, or 39,000 dozen, arrived in Montreal from Holland on May 4, and are now being regraded for distribution in Canada. This shipment brings the total importations of eggs since January 1, 1951, to 2,964 cases, or 88,920 dozen, of which 500 cases, or 15,000 dozen, were imported from Ireland, and 1,164 cases, or 34,920 dozen, were imported from the United States.

Storage stocks in Canada are low at the present time, due to a slight falling off in marketings and to heavy exports during the present season, which to date have totalled 172,000 cases, or 5,160,000 dozen; and further imports may be expected.

The position there, I think, is clear, namely, that we are exporting many more eggs than we are importing. There are certain reasons why eggs are being brought into certain communities.

Mr. Coldwell: Can the minister tell us to what countries the eggs were exported? Did they, by any chance, go to Holland?

Mr. Gardiner: I would greatly doubt it. I think most of them went to the United States.

While I am on my feet I should probably say this, because if I do not make this answer now, there will be another question: Poultry is also being imported, particularly into Winnipeg. That would indicate that probably the producers of poultry and eggs have overdone the cutting down on their production.

Mr. Fraser: Will the minister say where the poultry is coming from?

Mr. Gardiner: From the United States—from Minneapolis, mostly.

STRAWBERRIES

QUESTION AS TO IMPORTATIONS FROM HOLLAND

On the orders of the day:

Mr. L. Philippe Picard (Bellechasse): I should like to direct a question to the Minister of Agriculture, based on a telegram

which I have received from the Syndicat coopératif des producteurs de fraises de Bellechasse, an organization grouping four hundred members in my constituency for the production and sale of strawberries, protesting the importation of considerable quantities of strawberries from Holland which threaten to affect the market for their product.

The question is also based on an article written by the prominent journalist, Mr. Eugène L'Heureux, and published in newspapers whose combined circulation is more than 300,000. The question is this:

1. What is the actual protection granted the strawberry growers against foreign importations?

2. Has the Department of Agriculture any information with regard to importation of strawberries from Holland?

3. Has the situation been examined by any department with a view to determining whether such importations may be considered as dumping?

4. Is it true that such imported strawberries are processed by a method that is not accepted by the United States Department of Agriculture? If so, will his department consider imposing similar restrictions on importations into Canada?

5. Does the department know of any other method by which our strawberry producers could be protected against mass importation of cheap-selling strawberries from abroad?

Some hon. Members: Order paper.

Mr. Picard: I do not think my hon. friends opposite should protest, in view of the kind of questions they ask.

Mr. Speaker: Order. If the hon. member has a number of questions to ask, I think they should appear on the order paper. But I realize that a question relating to the importation of strawberries may be an urgent one. I am sure strawberries are not yet in season but perhaps I should allow the question to be answered.

Mr. Picard: With your permission, Mr. Speaker, may I just ask the question as it stands at the moment, and allow the minister to answer if he is ready to do so?

Mr. Speaker: That is what I have suggested.

Right Hon. J. G. Gardiner (Minister of Agriculture): Mr. Speaker, I have the answer here, and I think I might just as well give it.

The hon. member was kind enough to let me have advance notice of these questions, and I have had the following answers prepared:

1. The tariff on fresh imported strawberries is ten per cent. However, during the production season on application from the growers through the Canadian Horticultural Council a duty of 1¾ cents pound may be applied for a period up to six weeks. The duty on imported strawberries packed in SO_2 is 25 per cent.

2. The Department of Agriculture has no knowledge of any recent importations of SO_2 strawberries from Holland, although I am advised that there were some importations last year.

3. This matter has been discussed with the Department of National Revenue and the Department of Trade and Commerce. Following an inquiry into the situation by these departments we were advised that there was no evidence of dumping in these importations.

4. I am advised that while the United States food and drug administration prohibits the use of sulphur dioxide as a preservative for fruit used in the manufacture of jam, they do not prohibit its use as a preservative for dried or glacé fruits. So far as the Canada Department of Agriculture is concerned, the preserving of fruit in sulphur dioxide solution is considered an efficient and inexpensive method of preserving the farmers' product until it can be processed, and is a practice followed by processors for export and for use by jam manufacturers in Canada. In the final processing of the product the sulphur dioxide is removed by the cooking. The finished product is analysed to ensure that it is fit for human consumption.

5. No.

SUPPLY

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

The Chairman: Order. The house again in committee of supply. Is it the pleasure of the committee to proceed to the consideration of the estimates in detail, beginning with page 269?

Mr. McIvor: Carried.

Some hon. Members: Agreed.

Mr. Drew: Just a minute. Does that mean that, item by item, we shall proceed without further reference to the numbered item until each item is disposed of?

Mr. Claxton: That is right.

The Chairman: I would call the first item, item 245, the details of which are to be found at page 269.

DEPARTMENT OF NATIONAL DEFENCE

Defence forces—

245. To provide for the defence forces of the navy, army and air services and defence research and development, and to authorize total commitments for

this purpose of $3,831,270,000 including authority notwithstanding section 29 of the Consolidated Revenue and Audit Act, to make commitments for the current year of $1,924,170,835 and commitments against future years of $1,907,099,165 against which commitments it is estimated that actual expenditures in 1951-52 will not exceed $1,595,050,000 of which $183,050,000 will be provided from section 3 of the Defence Appropriation Act, 1950, as supplemented by item 246, $1,412,000,000.

(Translation):

Mr. Gagnon: Mr. Speaker, I cannot let the study of the national defence estimates go by without saying a few words about the personnel in charge of military affairs in Canada.

If it is fair and reasonable to press for a greater proportion of Canadians of French origin in the federal civil service; if it is logical and sensible to ask that members of our racial group hold the high posts to which they are entitled by reason of their number, their qualities and their ability; if in addition we are right in complaining of the present situation and in persistently claiming that the central government the consideration they French Canadians are not receiving from the deserve in respect to the allotment of positions, thereby being deprived of a great deal of influence in the administration of the country, it is also most important that in the various branches of our armed forces, the French Canadians be given the rank and the position they deserve.

We are seeking no favours or privileges. In the last war French Canadians nobly did their duty, and it has been recognized by all well informed people that, since the outbreak of the Korean conflict, Quebec has provided its fair share of volunteers. One-third of the high ranking officers' positions in our navy, army and air force, should go to our own people. In return for equality of sacrifice there should be equality of responsibilities and honours.

On Wednesday, the hon. member for Three Rivers (Mr. Balcer) made in this house a few startling revelations that must have surprised and saddened those who earnestly strive to promote harmony and understanding between the various racial groups in this country.

The hon. member gave many interesting details and clearly showed that French Canadians hold very few high positions in national defence headquarters or in the various services of our armed forces. After listening to the speech of the hon. member for Three Rivers and reading it in *Hansard*, we can easily understand why the government always declined to issue the list of chiefs of staff and staff officers.

Our ministers were possibly ashamed to show openly how French Canadians have been treated. I congratulate my colleague from Three Rivers on bringing the matter to the attention of the authorities and I fully agree with his statements.

The French Canadian is obviously a gallant soldier but he is also capable of leadership, and I find it extremely unfair that he should be trained and led by officers who are unquestionably upright and honourable but in a language he does not understand.

Let us not forget that most of those who join the army hail from the country and that in rural Quebec the English language is quite unknown, because there is practically no opportunity to use it.

When men are being mobilized for active duty, plain decency requires that at least they be in a position to understand the orders of their superiors.

How can a military career appeal to the young French Canadian serviceman when he knows that his superiors speak a language unknown to him? What pleasure and satisfaction can he derive when he has to stand apart by himself, unable to share in the conversations of his fellows? How sad and wearying must be the constant strain to understand and obey orders spoken or written in a language not his own!

For the French Canadian, the army as it now stands is the Foreign Legion. If this system, which seems to have a character of permanency, is indeed to last indefinitely; if it is an English army that is being sought; if instead of making it a national force, the intention is to make it a racial and unilingual one, let it be known. Our men will stay at home.

The Minister of National Defence (Mr. Claxton) stated he would like to see a larger proportion of French-speaking officers in the three services. That statement possibly reflects a very natural desire, but I wonder what is being done by the general staff to follow it up. Experience has made us sceptical and verbal professions of friendship, especially from leaders in Ottawa, generally leave us rather cold. Our hopes have been so often disappointed, so often have we been lulled in our legitimate dreams by soothing generalities that we have become incredulous. We believe only in facts, palpable and authentic.

Why does the minister state that our people have neither the qualifications nor the experience for promotion to those high ranks?

What are the reasons for this deficiency? Is it because the authorities never cared to train French Canadian officers? Were our people given the same chance and opportunity of promotion to the rank of officers?

Military colleges were and still are English-speaking. Can anyone say that if French Canadians had had the opportunity of attending a French military school, they would not have succeeded brilliantly?

According to the minister, it would cost too much money. So there is no wish to spend money on teaching military science to French Canadians; but they are being called and enlisted as privates, and our students are being sent to Kingston. It is high time to change that sad state of affairs!

Has the Department of National Defence adopted any plan? How is the situation going to be corrected? If the minister knew—as he must have known—that most officers belonging to the headquarters of his department were English-speaking, why did he not correct this anomaly? Why did he even let it develop?

Posts of major generals, brigadiers, colonels and other officers that make up the establishment have been filled by English-speaking persons! This was not done overnight. Who is responsible for those appointments, who should take the blame for the situation if not the Minister of National Defence and the whole cabinet?

The Liberal party has managed the affairs of this country for fifteen years. For fifteen years it has prepared for war and waged war. The organization of defence and the selection of military personnel have been its work.

If today we have grievances and charges to make, they must be levelled at our present leaders. As a representative of a riding in Quebec province, I urge that the wrongs which have been done to my fellow citizens be righted and that those people's abilities be acknowledged in the armed services as well as in the civil service.

The time to act is now, not tomorrow. We are not asking for speeches and statements; we want prompt and efficient decisions that will do justice to those of our people who dedicate themselves to our country's defence.

If today we have grievances and charges to make, they must be levelled at our present leaders. As a representative of a riding in Quebec province, I urge that the wrongs which have been done to my fellow citizens be righted and that those people's abilities be acknowledged in the armed services as well as in the civil service.

Mr. Claxton: Mr. Speaker, I have listened with sympathy to the representations made by the hon. member for Chicoutimi (Mr. Gagnon). If I said officers of French descent had not the required qualifications, that was not my intention at all. What I did mean to say was that we are short of officers of French descent. For instance, a lieutenant commander in the navy must necessarily have the age and experience required before he is promoted to the rank of admiral; that is obvious.

I have replied to the remarks made by the hon. member for Three Rivers (Mr. Balcer), as reported on page 2950 of the French debates, and I believe you will find there many reasons for the situation in which we have found ourselves.

We still want French-speaking officers. There is need for them in the navy, army and air force. There are many positions to be filled and the hon. member may be assured that French-speaking officers familiar with both tongues are always promoted. Indeed, they are promoted to higher ranks more often than the others, as was the case for brigadiers Allard and Bernatchez, whom I mentioned yesterday and who both are very distinguished officers. If there are others, I shall be very glad of it.

(Text):

Mr. Pearkes: Mr. Chairman, I understand that item 245 has been called, and that it is now the proposal to continue with the details as they are set out at page 269, the first group of which is under the heading of "Departmental administration, including inspection services and civil defence". I wonder if the minister who is now responsible for civil defence would now make a statement in this connection? I notice that the subject of civil defence is not separated as a separate detail under the group of details connected with departmental administration.

Mr. Claxton: The minister responsible for civil defence is here. He might make his statement either now or, alternatively, at the conclusion of the discussion on the other items, whichever is the more suitable to hon. members.

Mr. Pearkes: I suggest, if I may, that it be done now, if that is suitable to the minister.

Mr. Martin: Mr. Speaker, at the outset may I say that the report and statement I am about to make involve, in large measure, work that was done under the direction of my colleague the Minister of National Defence when this matter was under his jurisdiction and before the transfer of duties to the Department of National Health and Welfare.

The purpose of civil defence is to defend the population of Canada and the property of

the Canadian people against enemy action in time of war, and to take measures to reduce loss of life, to afford medical and other assistance to the civil population, and to mitigate the property damage that may be caused by such enemy action.

The type of civil defence that is perhaps best known—because of the part it played in the United Kingdom in the last war—is the protection of cities against air attack, the provision of medical, nursing, hospital and other assistance to aid the victims of air attack, and measures to deal with fire and other property damage.

This, however, is only one illustration of the type of work that falls within the general scope of civil defence. It includes planning for advance warning of attacks in liaison with the armed forces, for emergency food and welfare measures, and for protection of industrial plants and other essential facilities against sabotage. It has many other aspects with which I will deal in the course of my remarks.

It will be clear, I think, that on one boundary of its functions civil defence is related to the operations and responsibilities of our defence forces. Both civil defence and the armed forces are designed to afford physical protection to the people and property of the nation. However, the function of civil defence stops short of the actual military operations that would be required to deal with any direct attack in force on Canadian territory. That is the function of the navy, army, and air force. Civil defence is, in a sense, defence behind the lines, rather than on the lines of action—if any place can be said to be "behind the lines" in a modern war. Civil defence and the armed forces must, however, in many cases work very closely together.

In another aspect of its work, civil defence fits in with the operations of the R.C.M.P. and other police organizations dealing with subversive activity within the country. Civil defence is concerned with sabotage and the overt actions of enemy agents directed at the civil populace or at essential facilities. It is, however, primarily the function of the police to deal with espionage and other threats against internal security. The two functions overlap and clearly must be co-ordinated with one another.

I mention these points, and this relationship to the work of the armed forces on the one hand and to that of the police on the other, to emphasize that civil defence is simply one part of the general national organization that has to be established in times such as the present to deal with the dangers that would arise if war should occur.

In a broad sense, the national preparations fall into three parts: preparations to defend the country by military action; preparations to defend the people and the nation behind the lines; and preparations to deal with espionage and subversive elements.

It is the central sector of these preparations that we term "civil defence".

From the very nature of modern warfare and of modern weapons, it would be impossible, even using all the resources and manpower we might have available, to provide anything like complete protection for the civil population through civil defence. Safety is something that can only be relative in a world such as ours. Moreover, what can in practice be done must fall still further short of what in theory we could do.

Civil defence, industrial production, the armed forces and other essential national services will, in time of war, make competing demands on the manpower and production of the country. In time of war both manpower and production fall far short of the demands placed upon them. Priorities have to be established, and even needs of high importance have to be provided for to an extent less than we would wish.

The people of Canada would be the last to feel that the needs of civil defence, the protection of their own persons and property, should be provided at the expense of the striking forces of the country on which victory or defeat must ultimately depend. The armed forces must and will come first in time of war. For this reason, plans for civil defence have to be made with constant regard for the claims on our resources that will be made by the navy, army and air force.

Plans and preparations must also be made in the light of the best estimates that can be formed of the probable localities where danger will be greatest. It must be apparent that in a country of this size, with a widely scattered population, many of our people live in areas that can be regarded as almost entirely immune from air or other enemy attack. In such areas emphasis should be on mutual aid civil defence programs rather than on protective measures.

On the other hand, there are cities and particular localities which by reason of the activities carried on within them, or because of other factors which give them special importance, must be regarded as probable targets if any attack is to be expected. These considerations mean that while civil defence should concern every Canadian citizen, the need for active civil defence measures will not arise to the same degree in all localities,

and it probably will not be possible for everyone to participate directly in civil defence.

Where civil defence protective measures are not taken, this will to a large degree mean, not that the individuals and communities are being left exposed and naked to the danger of attack, but that they are considered relatively safe and immune from attack.

With these broad considerations in mind I should like to set out that in 1948, because of world conditions, the government decided to reconstitute the nucleus of a civil defence planning organization. In November of that year Major General F. F. Worthington, well known throughout Canada for his distinguished war record, was appointed federal co-ordinator of civil defence. In succeeding months General Worthington visited all the provincial premiers to get their views and agreement on the best over-all civil defence plan for Canada.

He then studied plans and programs of European countries and the United States. In August 1949 a civil defence co-ordinating committee was established to bring together on a continuing basis representatives from all federal departments and agencies concerned with civil defence. This committee advises on civil defence policy, formulates plans for particular aspects of the problem and generally helps to develop collaboration with the provinces and the municipalities.

Canada's civil defence planning is now in an advanced stage. It draws on the plans of other countries that have had more direct experience than our country in the problem of civil defence. It is, however, related to and based on the fundamental federal character of this country, which embodies a division of responsibility among federal, provincial and municipal governments.

In civil defence, local planning and effort are all-important. It is essential to build an effective organization on the local level. Civil defence in one of its essential aspects is the assurance of the maintenance of normal community services. Fire protection for property obviously must be handled on a local basis, and most other measures for defence and assistance must be organized locally and operated by the citizens of the locality.

In civil defence the main operational responsibility, apart from over-all plans, training and co-ordination, must fall on the local municipal agencies that now maintain the normal amenities of life in Canada's urban communities. In a sense the success or failure of civil defence depends as much on the individual as on the community, since voluntary assistance and personal initiative and co-operation are of such importance. Civil defence can, moreover, be helped or hindered by the conduct of the people in the so-called danger area.

Obviously the defence and measures of assistance to be provided for an urban population with the courage and stamina of that of London, England, or of any other of the British communities that suffered so badly in the last war, can be organized much more effectively than that of a populace that might show less steadfastness. In both respects—in respect of readiness to aid in civil defence and in respect to conduct should danger arise—we are fortunate that we can rely on the qualities of the Canadian people.

Beyond individual and community efforts, the role of the provincial and federal governments is largely that of co-ordinating effort, assisting with local measures, and supplementing their preparations, particularly in areas where it is felt the danger is greatest.

To speed up civil defence planning throughout Canada, the first federal-provincial conference on civil defence was convened in Ottawa on August 24 last by the minister then in charge, the Minister of National Defence. This conference formed a continuing committee, made up of federal and provincial ministers and advisers, to further the organization and planning of the civil defence program. The federal government indicated that it would organize and pay for the considerable training program that will be later outlined.

On February 23, 1951, the continuing committee met in Ottawa. This is called the federal-provincial advisory council on civil defence. At this meeting it was announced that the federal government's responsibility would be as follows:

1. Civil defence organization within federal departments, the armed forces and other federal agencies.

2. Co-ordination with provincial and local authorities.

3. Information regarding general civil defence policy.

4. Co-operation with the United States and other countries.

5. Allocation of officers of the armed forces to work with provincial authorities to ensure co-ordination.

6. Provision of an advance warning system in co-operation with provincial and local authorities.

7. Protection against sabotage of federal works and support for provinces and municipalities.

8. Research and development in civil defence matters.

9. Civil defence staff courses and special courses on ABC defence and other technical matters, including payment of travelling expenses to and from the courses and living expenses while in attendance.

10. Support by federal agencies and armed forces in aid of local authorities in event of attack.

11. Provision of training aids, manuals and badges for civil defence workers.

12. Provision of radiological and technical instruments, respirators and special protective clothing for designated civil defence workers in selected areas, in connection with atomic, bacteriological and chemical warfare defence.

13. In municipalities having over 20,000 people, or other municipalities forming part of a target area, the supply and installation of sirens or other warning devices.

14. Payment of one-third of the cost of standardizing hose couplings, so as to increase interchangeability of fire-fighting equipment within a target area.

15. The provision of stirrup pumps and trailer pumps for training purposes.

16. Stockpiling of such medical supplies and equipment as might be considered necessary.

I might say that I have wanted for the last few weeks to point out the area of agreement between ourselves and the provinces, because I knew that some of the provinces felt it was important that the municipalities in the country be given this information. I have not done so because I thought that this was the first place to state the matter in detail as I have done.

On the provincial level, every province now has a minister responsible for civil defence, and a civil defence co-ordinator. Every province has a civil defence committee composed of senior provincial officials and—in some cases—representatives of province-wide voluntary and professional organizations who assist in the development of plans and the direction of programs.

I have indicated the national organization which has resulted from agreement with the provinces. The provincial organizations are to be integrated with the local community schemes. At the municipal level, almost all the larger cities in Canada have established civil defence committees and appointed civil defence directors. All communities of over 50,000 population, with only two exceptions, and a score or more of smaller cities, already have nucleus organizations in being and are getting down to the job of detailed planning, according to reports we received from the provincial ministers in charge.

Conferences also have been held both individually and collectively with many of the national voluntary organizations for the purpose of determining their relationship to the civil defence program at federal, provincial and local defence levels. Policy statements in this respect have been formulated, as I said, in consultation with the provincial governments. The extent to which these agencies will be integrated into provincial and local plans and the extent to which they will retain their identity in civil defence work rests, of course, with the provincial and municipal authorities.

During the two years of preparatory work on the federal level particular emphasis was placed on training, to prepare some hundreds of Canadians for positions of authority in our civil defence program. The civil defence co-ordinator, a senior member of his staff and two officers of the Department of National Health and Welfare and the Royal Canadian Mounted Police have attended a civil defence staff college in the United Kingdom. In addition eight federal employees were sent to United Kingdom schools that gave specialized training in civil defence work at the local level. In January, 1951, a Canadian civil defence staff course was established at Hull under the direction of Colonel Croteau, who had been trained in the United Kingdom. This school was maintained entirely at federal expense, and the federal government paid the travelling and living expenses of the provincial and municipal representatives who attended. Short term orientation training was given to 122 key federal, provincial and municipal officers, and to representatives of leading industrial and national voluntary organizations. These men and women returned to communities in all parts of Canada to help in the organization of civil defence activities in their areas.

In addition to those who have studied in the United Kingdom and the 122 who trained at Hull, 39 Canadian civilian physicians and nurses have attended United States courses on the medical and nursing aspects of atomic warfare, and 48 civilians have taken ABC warfare training provided by the Department of National Defence at Camp Borden. Armed force personnel have taken similar training in larger numbers. So, in all over two hundred Canadian civilians have been given instruction to prepare them for federal,

provincial or municipal civil defence assignments, or for industry. These numbers will steadily increase during the coming months as we develop additional specialist courses and as the provincial governments establish their own training schools, there now being in addition to our own school in connection with civil defence another actually in being and one about to start. A technical school for instructors in civil defence has been established and is now beginning its courses at Connaught Ranges, near Ottawa. At this school alone it is hoped to train 400 instructors during the coming months. In addition to providing these various training facilities, the federal government will later supply a number of trained instructors for civil defence training schools set up by the provinces.

I should like to indicate in brief outline some of the other steps the government has taken to prepare plans for every major area of need in case of enemy attack on our population. Action is being taken in such fields as the following: liaison with the armed forces; advance warning; protection against sabotage; information; communications; transportation; health services; welfare services; industrial plant protection; food; and fire-fighting services. Of course I will not have time to comment on all these, but I do want to say a word about one or two of them.

The federal civil defence organization maintains close liaison with the chiefs of staff, as it necessarily must. On the basis of their assessment of the general situation, including the degree of risk, the relative vulnerability of Canadian communities as possible targets and the possible and probable scale of enemy attack, plans have been made and organization developed to minimize the effects of any such attack on the civilian population. Arrangements have also been made with the Department of National Defence for the closest possible liaison, at provincial and local levels, with the armed forces. Selected officers of the armed forces are being detailed to work in this liaison and advisory capacity. In addition there are plans covering the part the armed forces will play in support of civil defence organizations.

If an enemy attack should be directed against Canadian territory it is important to have an effective way of immediately warning both the armed forces and the civil defence authorities. The Minister of National Defence recently announced plans to organize a ground observer corps of 150,000 civilian volunteers to be the eyes and ears of Canada's warning system, supplementing radar and other service devices and observers. Reports from these ground observers and from other sources will come into the air defence communication centres, where civil defence liaison will be maintained on a 24-hour basis. In that way information can be immediately transmitted to local civil defence communication systems and the appropriate civil defence organizations put on the alert. It will be a federal responsibility to provide the information to the local communication network. From that point local authorities will carry on their work.

The federal government has also undertaken the preparation and publication of certain basic pamphlets, which obviously are important in a matter of this kind. The first of these, "Organization for civil defence" was produced last November. It has been widely distributed and well received by civil defence authorities in Canada and other countries. Manuals on individual basic training subjects and a basic training plan have also been widely distributed, and training memoranda and bulletins are regularly sent out. Useful publications and films produced in the United Kingdom and the United States are also being used or adapted for use in Canada. A second publication entitled "Technical guidance on the provision of air raid shelters" is now available for technical use. A non-technical pamphlet, "How to strengthen domestic basements", will soon be released. Other federal publications now being printed or under preparation include "Structural effects of the atomic bomb"; "How to survive"; "Zoning and dispersal"; "Industrial protection"; "Basic and full first aid", and manuals on various organizational aspects of civil defence covering health services, welfare services and so on.

It is of fundamental importance for civil defence to maintain communications. To prepare appropriate plans to ensure this a civil defence communications section has been established in the Department of Transport, and a civil defence telecommunications committee, comprising all the leading national telegraph, telephone and radio agencies and associations has also been formed and is now at work. Arrangements have been made by this committee to study the communications problem under four headings: line services, point to point radio, radio broadcasting systems, and air raid communications systems.

The federal civil defence health planning group, which has been at work for some months, is responsible for developing overall plans for health services and medical care that will serve as a general pattern for provincial and municipal civil defence services. The national professional health associations and voluntary organizations are co-operating fully. This group, like other federal committees, includes a number of

subcommittees or working parties dealing with such subjects as casualty services, sanitation services, industrial medical services, mental hygiene, nutritional problems, and medical and health supplies. The working party on civil defence casualty services has now completed its preliminary plans for first aid, ambulance service, and emergency hospital accommodation. The working party for laboratory services, which deals with clinical laboratory services, public health procedures and biological warfare, is now preparing its report. The same is being done for other health problems.

I do not propose to deal with the question of research. This is a matter that more specifically comes under the Minister of National Defence, who would be better able to deal with it. One need only point out, with regard to biological and chemical warfare, that very significant work has been done in the research division of the Department of National Defence under Dr. Solandt.

One of the responsibilities assumed by the federal government was to arrange for collaboration with civil defence authorities in the United States. A joint meeting was held in Ottawa on February 21 of this year to agree on measures of co-operation and mutual aid between our two countries in the event of attack. As a result of this meeting, there will be full co-operation on civil defence information, research, planning, organization and training. The object is to ensure that civil defence will be carried on between Canada and the United States as if there were no border.

The agreement, which was confirmed on March 26 by an exchange of notes between the two governments, constitutes the basis for continued co-operation between the federal civil defence authorities in each country, as well as direct co-operation between provincial and state authorities and municipalities where that is desirable. This will make possible direct working relationships in civil defence between provinces and states—for example, between British Columbia and the state of Washington, or between the prairie provinces and the north central states, or between Ontario and Michigan, Ohio and New York. It will also facilitate co-operation between cities like Vancouver and Seattle, or my own city of Windsor and Detroit.

Preparation for civil defence, Mr. Chairman, like modern warfare itself, involves the work and effort of the people of the country—men, women, and even children have a part to play. If we are to be prepared, there must not only be the fullest co-operation of all governments, but also wholehearted public support. The greater part of what is required to be done today calls for time and patient effort, preparation and planning. In the months that lie immediately ahead it will be possible, on all three levels of government, to make accelerated progress in building what I know all governmental authorities have in mind—a compact civil defence organization, well planned, well organized, well trained and as adequate as we can make it to meet whatever the uncertain future may hold for this country's civilian population.

It must always be kept in mind that there are great uncertainties centring around any planning for civil defence, uncertainties as to the possible time, place and scale of enemy attack. We have to do the best we can on the basis of such assessments as can be formed of the urgency of preparation, the state of international tension, the possibility or probability of the actual outbreak of hostilities, and the degree of risk and probable scale of attack. We recognize, all of us, that we cannot afford to be complacent or to content ourselves with inadequate preparations. Nor can we afford to develop an elaborate organization prematurely, and have it rust away in idleness. We must maintain a proper perspective, a proper balance. We must guard against needless diversion of time, manpower, efforts and funds from the main job of production to support our positive military defence efforts.

Above all, we must remember that for a community there is no hiding place. If war, total war, strikes this nation every man, woman and child in every possible target area must develop—as I know they will if that should be necessary—that resolute courage in the face of danger that has always been the mark of our own fighting men. For those living in less vulnerable areas, the instinct to help their neighbours must take a practical and planned form. We must not let the threat of enemy action alarm us into paralysing the life and productive capacity of this country. If we are forced to accept war, we must also accept danger to ourselves at home as well as to our servicemen. We must prepare against enemy attack on our civilian population, while knowing that no preparation, however complete, can cancel out the risk. That is the fact that each one of us must learn to live with. It is the challenge, I think, of our generation, to face the terrors of modern war and not to flinch; to face them, if they should ever come, in

the determination that by courage and devotion to the principles we know to be right, we shall win through to a better world and a better life.

Mr. Blair: Mr. Chairman, when the defence estimates were being considered last September, I brought this matter of civil defence to the attention of the committee. At that time I made it clear that there was no desire to alarm the population of this country, but at the same time we should make plans. Since that time, I have been very much disturbed, especially the other night when I read a speech made by General Worthington concerning this matter. I am going to read some of it into the record, because I think we have to adopt a position that is absolutely clear. Either it is worth while doing something about this now or, as the minister has said, we might delay doing something about it until there was an actual state of war. I quote now from a press dispatch in the Ottawa *Journal* of May 7 what that distinguished soldier Major General Worthington said about it in a speech on V-E day at Aylmer:

> . . . the General said there was no place on this continent which was not subject to invasion. In a future war America would not be protected by the barriers of two oceans and an Arctic icecap.
>
> "Today the front line is your own front yard," he said. He warned that the method of warfare now was to smash at the civil population in order to disrupt the home front and the productive capacity of a nation.
>
> General Worthington said the civilian population would need to be trained to know what to do in the event of invasion to minimize the effect on morale and production.

Sir, if there was anything further that was needed to cause alarm, it was an article appearing on May 8, generally carried by the press throughout Canada but which I happened to see in the Toronto *Telegram*. It carries the headline, "War Means A-Bombs Wipe Out U.S. Cities; Truman Raps MacArthur." We are not going to bring the MacArthur affair into this discussion. We are concerned about what Truman said concerning the possibility of warfare on this continent. The article reads:

> Washington, May 8. President Truman told the United States last night an atomic war with Russia is "a real possibility," but it would be more likely under the policies of General Douglas MacArthur.
>
> Mr. Truman said atomic warfare might wipe out some of the major cities of the U.S., and "I do not want to be responsible for bringing that about."

Further on in the same article he states:

> "The thing that is at stake in this debate may be atomic war. Our foreign policy is not a political issue. It is a matter of life and death. It is a matter of the future of mankind."

I again say that we should either seriously consider this matter or say that it is a matter we may delay until something really does happen. I say to the minister that the age of delay is gone as certainly as the age of chivalry. Certainly, our United States friends found that out at Pearl Harbor. Nations today do not bother declaring war or giving a month's or two months' notice that they are going to make war. Possibly the last time this custom was followed was at the battle of Fontenoy, where the French said "English gentlemen, fire first." I have quoted these two authorities, Major General Worthington, the present head of the civil defence body of Canada, and the president of a great country like the United States, who have said definitely that this type of war is a possibility and may occur. It would appear to me that in this matter we are sitting on a bomb. If anything further was needed to cause alarm so far as I was concerned, it was the speech by the minister which has been referred to in the house several times, in which he attempted to whip some white fighting fury into a group gathered for a course up at Connaught Ranges. While the minister may have been misquoted, there was no doubt whatever of the result, because the heading in the Ottawa *Journal* whips up fury against the Soviet threat; and I may tell the minister that I am all for it. But I was amazed that a placid man like the minister can be whipped into such a fighting fury that he came out with words of this type. The speech goes down as one of the great fighting speeches in history.

An hon. Member: Fighting Paul.

Mr. Blair: It was something like that of Henry V before the battle of Harfleur in which he said:

> Once more unto the breach, dear friends, once more;
> Or close the wall up with our English dead.

History is full of great quotations like that. But today the minister comes up with another calm speech. He seems to be in varying moods in regard to this matter since he has joined the martial branch of the Department of National Health and Welfare. Today he comes up with a long speech on organization; it was a most quiet one, and he spoke in just about the way that you would plan out a campaign for something that you were going to do across Canada with regard to a welfare project. But two days before he was simply fighting. Possibly he looked at these people gathered out at Connaught Ranges and said to himself: "These people have just come in for a course; they are not too greatly interested". Then he ranged forth with this "every man must do his duty" sort of thing. I am not criticizing

the minister for that. Thank God that there is somebody in this government who is trying to arouse the people. So far as this country is concerned, I have been amazed that, when we are getting soldiers killed in Korea, we talk about forming brigades and about battle squadrons of the air force. This country is at war, but nobody has ever said that this country is at war. For that I blame the Minister of National Defence, the government and the Prime Minister.

I am going home this week end and nobody will ever mention it. People are going about their everyday tasks. They do not seem to think that we are in the precarious position that we in fact are in at the present time. There is something wrong. Either we in this country are at war and we are in danger—and the Minister of National Health and Welfare in conjunction with the Minister of National Defence saw fit to make a speech today on an important subject—or we are not. We are one place or the other. So far as I am concerned, I may say that disliking these people with this other ideology as I do I have no faith whatever that there would not be a diversionary raid or a sneak attack; and their history has never proved that they can be trusted or that we are still existing in an age of chivalry. As I say, we should have more than plans on paper.

On Sunday I attended a meeting of the eastern Ontario branch of the Canadian Legion and I heard the discussion there. I heard a fine speech on civil defence. The main part of it was that the Legion itself was anxious to do something about it. They offered to co-operate in any way possible. I know of towns who have attempted to do something about it, with all the best spirit and will of good Canadian citizens. One town in my riding went to the trouble last winter of organizing for civil defence, feeling that there was some need for it. On Sunday I spoke to one of those men and said: What are you doing about this? He said: Well, we have had another meeting since. Mr. Chairman, as far as civil defence is concerned, this country will not be defended by meetings. We have got to get beyond that stage. We have got to get down to something really practical.

Last year when I took up this matter I made what I thought was a thorough review so far as danger in this country is concerned. I discussed the matter of atom bomb attack, or explosive bomb attack, germ warfare, chemical warfare and that sort of thing. I did bring the matter before the House of Commons, and two or three times in the course of that address I stated that it was far from my wish to do anything to alarm the Canadian people. But it is some eight and a half months since that speech was made. There was discussion then, and other hon. members in the house supported my view.

While those plans shown by the minister today may exist on paper, what would happen if this thing should suddenly come upon us, or if there was another Pearl Harbor? If the matter of organization is a big thing, it would appear to me that much more should have been accomplished in that time with regard to the provinces and municipalities. To date all that has been done is a matter of arrangements, paper work and plans. We should have something more practical than that.

Again, Mr. Chairman, without any idea of causing alarm to the people, I am looking for quiet organization of an effective unit of civil defence in this district. I think we should be getting on further with the job than we have been. Let us consider what could happen if the capital, Ottawa, were bombed some time. It could be bombed. It might not be an industrial target, but it could be bombed for the effect on morale. Or suppose if in this area the places where we develop electricity were bombed; and without mentioning any names, I may say there are some close to our capital. There are one or two in this valley where a great deal of the industrial electricity of Ontario is developed. Some form of sabotage or even a sneak bombing attack could put those out of business and tie up all our industries. One also wonders, as far as the capital is concerned, even if civil defence is something apart from the Department of National Defence, what protection we have in this area in the way of anti-aircraft protection. I am not aware of what the plans are so far as the Minister of National Defence is concerned. But I know that all the anti-aircraft protection I have seen in this area is an excellent anti-aircraft unit in Lanark and Renfrew, of which I feel extremely proud. There are good officers; there are good N.C.O.'s. But as with any other unit, they are having difficulty in getting people into it. That unit is armed with a type of anti-aircraft gun which would be considered antique under present-day standards.

In cities like Ottawa, Toronto, Hamilton or Montreal, I wonder just how much the organization has gone forward towards the establishment of banks for blood or plasma in depots outside those cities; because it would be foolish to believe that a depot established in a city could do that type of work. I wonder how far that work has progressed, or have we wasted eight and a half or nine months in getting down to really practical work and to something more than plans on paper?

If one can believe even General Worthington himself or the President of the United States, this is a matter of vital importance. It does not look to me as though this would be really an expensive arm of defence, because a great deal of it depends on training. While the minister is training in the school at Connaught men who will bring out an organization of civil defence, or he cited the fact that at some time in the future four hundred people would be well trained in civil defence, it is going to take a great deal longer to train people in their capacity as fire wardens and above all—and I emphasize the phrase "above all"—to train people in first aid to attend to casualties. You cannot train first-aid people overnight. It just cannot be done. The longer they train, the more efficient they become. If it is necessary at all to train people, and if this horrible thing should ever happen to us, you are going to need many skilled workers, so far as courses in first aid or the St. John Ambulance type of course in first aid is concerned. You are going to have to train practically a whole populace, because everybody must understand this. Then you must thoroughly train those people who are capable of dealing with the type of injuries received under bombing attacks—and that will give you any type of injury, stuff that you never see except in mine accidents or in very severe industrial accidents nowadays. That is what you are going to have to do, and that is going to take time; because if a city is going to receive a bombing attack, certainly the hospitals can be obliterated at the same time. So far, I have not seen any sign in Canada, or in the Ottawa valley, that any person has made a practical survey of anything that could act as a shelter for these people.

I pointed out that problem last September, and I have not seen or heard of any person in my own town, or in the adjacent towns in my own constituency, making a survey so far as town halls, church halls or anything of that type is concerned where casualties could be accommodated.

So far there has been no move to reorganize the excellent work done by the Red Cross in the blood donor service. Once or twice I have heard of some enthusiastic groups who said they were going to blood test and group test all the people in a certain place. That is not going to solve the problem, because in a bomb attack all communications would be disrupted. It would be absolutely foolish to attempt to take a list of blood donor volunteers, call them up and get them to come into a certain point, because, with communications disrupted, and that sort of thing, it would be absolutely impossible. It would be an excellent thing if every person had a tag around his neck giving his blood grouping.

Depots must be established, and those depots should contain plasma in large quantities. If this thing is going to happen then we must not be caught napping. We would need depots for plasma, for blood, for medical supplies and there should be even depots with possible food supplies. Therefore I look at this picture as it might occur in the Ottawa valley if the capital here were bombed. Work should be done in all the towns in the surrounding area. Every town should be surveyed to find out the possible hospital accommodation, the possible shelter for civilians. That sort of thing should be done. I say to the minister it is discouraging when you find in a large town a group of enthusiastic people who, in all good faith, formed an organization last year, sometime around February or March, and were ready to do anything, ready to go ahead and do something—they had another small meeting—and now the whole matter is dropped. Nothing was done about training people in first-aid courses of the St. John Ambulance, in the Red Cross courses or in anything like that. As I said last fall, I do not believe that people will lose their keenness, so far as this matter is concerned, if the government will say, as President Truman has said to the people of the United States: there is a danger. That is something that has gone through my head. I may say I am absolutely frustrated so far as this is concerned when I think that we enlist people to go to war, and casualty lists are appearing in the papers, but when you ask the average citizen of this country if we are at war he will say: "I don't know." Nothing has been done. Some time ago a great man said that "eternal vigilance is the price of liberty." I certainly think that if this matter is worth touching at all it is worth getting at right now, and right down to the roots of the matter, and that would be the organizations in these towns.

Certainly the first big thing that could be done is the training of people to handle casualties. As I said before, you are not going to do that in two or three days. If a medical course takes about six or eight years to complete, it is not possible to organize and train civilians to deal with the type of casualties that we are going to have in a matter of a week or two after we have had some intimation that there might be a bombing attack or a diversionary raid on this country.

I am disappointed, having brought this matter to the attention of the house last year, and in all honesty covered all the

branches of possible danger to Canadians, to find that after eight and a half months we have only a plan existing on paper. That has been a great disappointment. I covered all these matters last year. At the same time in that speech I pointed out the difficulty. With the idea of doing something about this, people have written to Washington to get some circulars. I have not yet seen any circulars put out for the people of Canada. I did see something in a magazine the other day which told you how to take care of yourself if there was an atom bomb attack, but some of it seemed a little unusual to me, because if there is an atom bomb attack I do not think you are going to get much chance to do some of the things they suggested. However, I was glad to see somebody doing something about it.

This matter of training the people should have been one of the first things done by this committee which has been set up. It would be very easy to get into operation across Canada organizations like St. John Ambulance, the Canadian Legion and the Canadian Red Cross. If nothing comes of the training, all well and good. It will not be expensive because all this will be largely voluntary and the expense will be practically nil.

It is an advantage to learn some of these things. There is no reason why these people should not have been busy on the job. It is going to take three or four months thoroughly to train people in first aid and in the care of casualties. As I said before, you are not going to do it the same day that you expect that something like this is going to happen. Therefore I implore the minister, even if he has made out plans on paper to deal with this matter, to do something concrete about it. I am always suspicious of plans. May I suggest to the minister that, in his capacity as minister in charge of this work, he take a trip across Canada. I would like to hear him make fifty or a hundred fighting speeches like the one he made at Connaught. If that were done then we would be getting some place, and the people of Canada would be alerted to the possible danger we are in. If there is any co-operation needed, he certainly will get all the co-operation from this side of the house and from this party; but we want to get on with the job, and we want to get something done.

While I like the idea of the elaborate plans he has made, I say this to him: Be careful you do not get bogged down in paper work and get nothing practical done.

Mr. Noseworthy: Following what the minister said, I should like to direct a question to the Minister of National Health and Welfare. Has his department, or any of the civil defence officers, given any consideration to or done anything to prevent the present trend of providing all our hospital or civilian hospital accommodation in the heart of the large cities? I am thinking now of the city of Toronto, for instance, where we have just completed what is probably one of the best children's hospitals on the continent. We have built it right in the heart of the city, next door to the Toronto General Hospital. We are building another hospital there. We are going to find ourselves with the bulk of the civilian hospital accommodation in the Toronto district all located within a few city blocks of each other. I wonder whether the minister has thought just what would happen to his civilian defence organization in the city of Toronto if a bomb dropped somewhere near the Toronto General Hospital. I find that is true in Toronto, and I understand Montreal is at present about to build hospitals on what is known as the Mile of Mercy, where practically all hospital accommodation is to be centralized. What is being done to see that in future, in view of the kind of world in which we live, something cannot be done to see that hospitals are not built in the centres of cities?

Mr. Martin: The hon. member has touched upon a point which, of course, would be in the mind of anyone dealing with this problem. I know it was very much in the mind of the Minister of National Defence when he was charged with the responsibility for the matter, and it is very much in our minds.

I would point out, as I said in my statement, that in the pursuit of our plans we are observing the federal character of the country, and that means collaborating with those who are closer to the operations than we can be, sitting at the centre in a federal state.

With regard to the particular situation in mind, only ten days ago we discussed this and kindred matters with Sir John Hodsoll, head of the civil defence program in the United Kingdom, and with Governor Caldwell, civil defence co-ordinator in the United States. We have made known our views. These will be studied by the responsible authorities in Ontario and, I presume, through them, by the authorities in the city of Toronto.

Mr. Gillis: I should like to ask a question, while we are on this matter of civil defence. The minister has made a comprehensive statement. I do not think he missed a single detail, and I could not criticize it in any respect. I am glad he went to the proper

source to get information on the subject, because what he said sounded to me like a duplication of civil defence in Great Britain during the last war. I do not think it could be any more practical or up to date. But in this complicated country of ours I hope it will not be necessary to get an amendment to the British North America Act for the purpose of financing this program, as between the provinces and the dominion. Would the minister tell us how the expense of bringing this program into effect is to be apportioned among federal, provincial and municipal authorities?

Mr. Martin: My good friend has complimented me upon the completeness of the statement. I am afraid however that my statement does not deserve his compliment, because apparently it has not convinced the hon. member, or has not indicated to him that I have already dealt with that problem. We had a conference in Ottawa under the chairmanship of my colleague the Minister of National Defence about six or seven weeks ago. This conference was with representatives from the provinces. Upon that occasion we discussed the area of responsibility, both from the point of view of function and that of finance. I set out today the extent to which at this time the federal government concedes it is prepared to go. I pointed out that we are prepared to undertake the financial responsibility for the training of instructors, both those who would become leaders in communities and those who would become civil defence instructors as well as technical instructors in communities of others who will carry on in connection with this work. We will be responsible for that financially. Already we have paid the way of two hundred people from all parts of this country to Ottawa, and provided for their maintenance while here to take these courses. We are also undertaking the responsibility for providing education material, that is a responsibility we have assumed. We also are making provisions for sirens in communities of twenty thousand and over, and we are accepting about one-third of the cost of hose couplings, to effect the standardization of hose couplings. We have undertaken to pay for the cost of certain equipment for civil defence, and so on.

We do not assume for one moment the full financial responsibility. We say we have a role to play, that the municipalites have a role to play and that the provinces have a role to play. But I may say that at that conference, under the chairmanship of the Minister of National Defence, there was a wide area of agreement.

[Mr. Gillis.]

I would point out to my hon. friend that in most communities of Canada and in all cities of fifty thousand and over, with the exception of two, civil defence directors have been appointed and are actually functioning. Their salaries and their operations, except for those things I have indicated, are being assumed primarily by the municipalities and the provinces.

Mr. Dickey: Mr. Chairman, I should like to say a few words on the general question of civil defence. I am afraid I shall have to take exception to some of the observations of the hon. member for Lanark. Apparently he considers nothing has been done by the Minister of National Defence, the Minister of National Health and Welfare, and the federal authorities generally, to deal with this problem.

I would not suggest for one moment that any of us, particularly the two ministers who have been directly responsible, are satisfied with the situation in the matter of civil defence. However it is a big problem which cannot be solved overnight. I say these two ministers are to be complimented upon the way in which the problem has been approached, and upon the progress already made.

I can speak for no part of the country other than that which I represent, but I do say that, through the co-operation of the federal and provincial governments, as well as the authorities of the city of Halifax and the county of Halifax, a great deal has already been done in that area to set up the civil defence organization and to commence preparations for whatever eventuality may lie ahead of us.

I think there is local responsibility in connection with this problem. I submit to the hon. member for Lanark that many of the conditions he described were the kind of thing for which local authorities should accept responsibility. Civil defence is of importance to many localities in the maritime provinces, but particularly to the city of Halifax which I have the honour to represent. Halifax was designated as an important target area by the committee set up some time ago by the Department of National Defence. The residents of Halifax know from past experience of the unexpectedness with which an emergent situation, one creating problems which could not possibly be met without the help of a carefully co-ordinated organization, can arise. As was set out so fully in the statement this afternoon by the Minister of National Health and Welfare, the federal government has assumed certain important responsibilities for the training of personnel, the providing of assistance to local

organizations and local governments, the acquiring of necessary equipment and providing of assistance in various ways to local organizations. I know in the case of Halifax we have had the finest possible co-operation from the federal and the provincial authorities. The provincial government has designated Colonel the Hon. A. B. De Wolfe as the minister of the local government responsible for civil defence matters within the province. That gentleman has undertaken his responsibility in a practical and energetic way.

A number of key personnel have already taken the course at the training school which has been in operation for some months in Hull, Quebec, across the river from this city. Those key personnel have gone back to take their places in the local organizations and undertake the necessary jobs of organizing and training of individuals who will form the lower echelons of these organizations. This work has been pressed forward with great energy in Halifax. A civil defence committee has been organized on which are represented the city of Halifax, the town of Dartmouth and the municipalities in the county of Halifax. That committee has undertaken a survey of the needs of the area with respect to civil defence. I think that is the type of survey the hon. member for Lanark was referring to. This survey, which has been pressed forward, has indicated a number of problems which are common to similar areas throughout the country.

It has also indicated a particular and fundamental problem which faces the city of Halifax. I submit to the minister that this problem will have to be faced. I refer to the question of the adequacy of the means of communication to and from Halifax. In order to indicate the nature of this problem I should like to describe briefly the situation in which the city of Halifax finds itself.

It is an urban development situated on a peninsula approximately four and a half miles long and about two miles wide. The only connection with the mainland is by a neck of land about a mile and a quarter to two miles and a half wide. There is a civilian population of about 100,000 on the peninsula with a density of about 24 persons to the acre, which is about half the density of a normal London borough.

In addition to the residential population on the peninsula there is also H.M.C.S. *Dockyard,* with headquarters of the flag officers of the Atlantic coast. There is also the headquarters of the eastern command of the Canadian army, as well as a number of important army depots and establishments. There is the headquarters of the eastern command of the Royal Canadian Air Force. There are important and extensive port facilities located at both extremities of the peninsula and lining the western shore of the harbour for some three and a half miles. There are the plant and drydocks of Halifax Shipyards Limited which are an important element in the shipbuilding and ship repair facilities of the Canadian Atlantic coast.

All this indicates the importance of the Halifax area and the necessity of making adequate plans to meet the needs of civil defence. One of the main heads in planning for an emergency is that of the evacuation of civil personnel from the danger areas as well as the evacuation of casualties which might be suffered in case of attack. In the case of Halifax, the problem of the evacuation of civilian population and the movement of casualties is made more difficult by the road and rail facilities now serving the area.

The peninsula which I have described is served by a double-track railroad which traverses the one and a quarter mile wide neck of land and then proceeds to the southern extremity of the peninsula. There are only two highways which traverse this peninsula and give access and egress for road transport to the mainland. One road is situated at the northern end of the neck of land and the other is situated at the southern end.

Both these roads are inadequate at present for the rush hour traffic. The province and the city have long-range plans for the improvement of both roads and the elimination of the bottlenecks which exist at both extremities of the neck of land joining Halifax to the mainland. However, these are long-range plans which will take some considerable time to realize in full measure. The Halifax advisory committee on civil defence has made submissions both to the provincial authorities and to the federal civil defence authorities indicating the immediate need from a civil defence point of view of facilities being provided for the evacuation of the civilian population and such casualties as may be suffered over these two narrow bottlenecks. They have requested that from a civil defence point of view the federal and provincial governments work out some program under which the necessary parts of this work can be done immediately. Until that is done it will not be possible to undertake the long-range plan. We in Halifax would like to feel, not in three years or something of that order but if possible within a few months, that if an emergency should arise we will not be faced with tremendous and almost insurmountable difficulties in dealing with the problem of evacuation.

This matter also has some importance from the point of view of defence. As I have indicated, Halifax is the headquarters of the three defence services in that area, and in addition there are very important defence installations in the city and the immediately surrounding country. If an emergency should arise during which important military operations had to be undertaken immediately, we might have the evacuation of casualties and the civil population going on at the same time. This would result in inadequate road facilities having to cope with the almost insuperable problem of evacuation, and the defence services using the same transportation and communications facilities for their very essential and important purposes.

I ask the minister to give this problem earnest consideration. We in Halifax and Nova Scotia recognize the share of responsibility that must be accepted by municipal and provincial governments in matters of this kind, but I would ask the minister to consider the problem from the point of view of both civil defence and national defence so that an early solution may be found. I think it is a problem that has to be faced by all levels of governments concerned, and I request the minister to give it his most serious consideration.

Mr. Fulton: As the minister pointed out in reply to the hon. member for Cape Breton South, his statement dealt with the basis of division as among dominion, provincial and municipal authorities of the financial and physical responsibility for the program of civil defence. There are, however, a certain number of questions of detail which remain unanswered and do not appear clearly at least from listening to the minister's statement; and I rather doubt if they will appear clearly when we have had an opportunity to read it. The most important question can be put in this form, perhaps. Have the civil defence authorities reached the point yet where they can estimate the total over-all cost of the program of civil defence they have outlined? I do not mean what it will cost to put a program of civil defence into effect in the event of enemy attack, because I am sure that could not be estimated with any degree of accuracy. I mean the cost of putting into organizational practicality the plans the minister now has on paper. Is there any estimate yet as to what those plans will cost, covering such things, for instance, as the adoption of a uniform coupling in fire-fighting services, the training of first aid personnel, and so on? These are things that can be estimated now. Has any estimate been made of the cost of placing this program in a state of readiness within the fiscal year? If there is such an estimate, what shares are to be borne by the dominion, the province and the municipality respectively?

I think those questions should be answered if possible, so the authorities concerned may know approximately what they will have to meet in the way of expenditure in order to put this program on a practical basis. Then I would like to bring to the minister's attention the position of the smaller municipalities which normally would not be likely targets, certainly not targets with any high priority, but which by reason of defence installations in the purely military sense or defence production installations, which would not exist except in connection with either military or industrial preparedness, would have a much higher potential priority as targets than otherwise would be the case. Such a municipality, by virtue of its increased vulnerability and increased importance, must now undertake extra civil defence preparations. Is the cost of those preparations to be borne entirely by the municipality? In other words, is there simply a cut and dried program dividing the cost into such a percentage to be paid by the federal government, such a percentage by the provincial government, and such a percentage by the municipality, or will there be room for special cases to be dealt with on an individual basis? I agree with the hon. member for Lanark that it is not wise to alarm people unduly, but on the other hand neither is it wise to ignore these problems. Having that in mind I hesitate to name a particular area, but I have one very definitely in mind; and I think probably the minister knows what I mean. In that case the municipality, by reason of the sort of thing I have been describing, could certainly be expected now to have a very much higher priority as a target than it would otherwise. Therefore I think some special attention should be paid such places, both because of their higher priority and because of the fact that they are smaller centres and normally would not have available the resources necessary to meet this situation which has been thrust upon them. They should receive special attention from that point of view, and special assistance in working out civil defence preparations. I believe there should be some leeway so they might also receive a more generous proportion of assistance from the federal authorities than would be the case under a straight percentage basis which might be worked out for the over-all program. I would be grateful if the minister would deal with those questions in the course of this discussion.

Mr. Drew: If that covers the discussion of civil defence at this stage—

Mr. Fulton: Are we to have answers from the minister?

Mr. Martin: I do not want to interrupt, but perhaps I could deal with it very briefly.

Mr. Drew: I was not going to refer to civil defence.

Mr. Martin: With regard to the point raised by the hon. member for Halifax, I should point out to him that this matter was fully discussed with the Minister of National Defence when he had this subject under his direction. He intimated in my presence, when I took over, that we would not be prepared at this stage certainly to assist the scheme the hon. member has discussed. Undoubtedly there is a great deal of merit in the proposition, but it is one which would have not only a civil defence but a long-term value. Highways are matters that do not come directly under the jurisdiction of the federal authority. I am afraid this is a matter that will have to be discussed and negotiated between the provincial government and the municipality concerned.

In answer to the hon. member for Kamloops, I cannot give the estimated total cost with regard to the over-all plan, because that depends upon the action to be taken by the provinces. In some cases their budgets have been completed, while in others they have not, as in the case of Ontario. I do not single that province out by way of discrimination, but I just mention it as one which comes to mind. I believe that in the province of British Columbia they have appropriated some money, but what the total cost would be in that province I cannot say at this stage. These will be matters we will have to face as we go along.

With regard to the particular situation the hon. member brought to my attention, I can only say that at this stage it would be impossible for me to give any definite reply, not because I do not want to but because, as he understands, the municipalities are the creatures of the provinces. The provinces have, at this recent conference, accepted their area of responsibility. It is a matter that would have to be first discussed with them.

So far as the blood bank is concerned, and its great desirability that the member for Lanark mentioned, I fully agree. I would point out to him, however, that the process of building up this bank is under way and has been under way for two months. The Red Cross have been diligent, and are undertaking this work with characteristic vigour. I can only say that with regard to the matter of training, which as the hon. member for Lanark has pointed out is important, that too is well under way. We are not attempting to do the first-aid training or to establish first-aid schools. That is being left to the proper authorities. We have had discussions with the St. John Ambulance people, for instance, and they are undertaking this work in conjunction with provincial and municipal schemes. I believe the policy on first aid will commend itself to my hon. friend.

Mr. Fulton: Since the minister says it is not possible to give an estimate of the total over-all cost of the program, because not all the provinces and I suppose not all the municipalities have yet prepared their budgets for their share of the cost—

Mr. Martin: Had not completed their budgets.

Mr. Fulton: —had not completed their budgets, could he tell us whether there is an estimate of the total cost to the dominion for its share of this program? If so, can he tell us what that amount is?

Just before the minister answers that, could he deal with the other question of the locality which has a vital defence installation in its area? Do I understand the procedure is, if the municipality wishes special assistance, to go first to the province, and the province is accepting that chain of communication? Is it a matter to be discussed at all between the municipality and the dominion, by virtue of the fact that it is a defence installation which is in question?

Mr. Martin: With the province.

Mr. Fulton: And the answer to the first part of the question?

Mr. Martin: With regard to the first part of the question, the estimated federal amount for the present year totals $4,196,202. Because of the necessity of placing orders now for equipment, materials and supplies which will not be delivered until later, authority is also being asked for permission to enter into commitments against funds for 1952-53 totalling $900,000; and also for a further period, funds totalling $1,822,500.

Mr. Drew: If that disposes of the review of civil defence at this stage, recognizing the item will of course come up again at a later point when it is called—

Mr. Martin: I hope not tonight.

Mr. Drew: That, of course, is a matter of procedure. I wish to return to a discussion of the manner in which we are to deal with the estimates that are before us. Since this subject was mentioned last night, I have had an opportunity of examining in some detail the estimates prepared in the books that were mentioned by the hon. member for Melfort. These books to which he refers, under the separate headings of estimates for navy, for army and for air, covering the total

estimates presented to the parliament of the United Kingdom, embrace within 751 pages details of each of the votes in a way that makes it possible to examine this subject in an orderly and intelligible manner. I would point out that these details cover 751 pages, whereas the total of our estimates, both the basic estimates and the details covering all the thirty-two departments with which we deal, cover 540 pages. Yet this one department has 751 pages of detailed estimates and explanations.

It does not stop there. They are then referred to the committee on estimates, and that committee has an opportunity of considering these in detail, and obtaining information from officials who can deal with it. I have expressed my own belief on different occasions that we should have the widest inquiry. Since we are not permitted to have that, then I believe we certainly should proceed along the line which has been found so satisfactory at Westminster. The Minister of National Defence has details on a basis similar to these which are before us. There would be no difficulty in having those mimeographed and having them back within three or four days. In any event, I understand it is not the intention to proceed with these estimates on Monday. Certainly by Tuesday or Wednesday at the latest mimeographed copies of the details which are in the possession of the minister, perhaps in the house at this moment, could be made available to the members.

In order to bring my suggestion to a head I move, seconded by the hon. member for Nanaimo (Mr. Pearkes):

That the committee now rise and report progress, and that further consideration of estimates Nos. 245 to 252 inclusive be deferred until such time as they have been submitted to detailed study by a select committee, reported to the house and again referred to this committee.

Mr. Coldwell: This is a motion to rise and report. Is it debatable?

The Deputy Chairman: Before I deal with this point, I understand that the hon. member is raising a point of order. I was under the impression that earlier in the day the committee had given its unanimous consent to a certain procedure to be followed from then on, namely, that we should proceed by calling the various detailed sums as they appear under various headings at page 269. I do not have before me copies of *Hansard* as taken by our reporters earlier in the day; but when I heard the motion made by the leader of the opposition I immediately asked the clerk to see that those copies be brought down if at all possible, in order to make sure if a procedure had already been adopted. I want to ascertain if that is so. If that is so, the motion made by the leader of the opposition may not be in order at this time. There is a procedure to be followed before the committee, and this one calls for a different procedure. It seems to me that there is a difficulty there with which I am confronted. I will read the motion again, because I want to make sure—

Mr. Drew: I do not want to interrupt you, Mr. Chairman, but may I point out that the fact that that procedure has not been accepted unanimously is demonstrated without any difficulty by the fact that we have all afternoon been having a general discussion under this item. There was no separate item called to raise the subject of civil defence. It was simply widening out to cover the two ministers' activities. That has been covered. The item is still before us, and this is the appropriate place at which to deal with matters of this kind. There was no general agreement. The question was asked as to what the intention was. The hon. member for Nanaimo then quite properly raised the question of civil defence which had not been covered. We now have that before us. It is clear from all of the discussion which followed that there was no unanimous consent to limit the debate. For that very reason the debate has proceeded on the assumption that it is open; and I would submit, as has been pointed out by the leader of the C.C.F. party, that a motion to rise is not debatable.

Mr. Claxton: Speaking to the point of order, if I may, Mr. Chairman, I would point out that when the committee met the chairman asked if it was the wish of the committee that we should proceed to the detailed discussion of the estimates at page 269. I think it was the understanding of everyone here that that was the desire of the committee at that time. We then proceeded, and the hon member for Nanaimo asked, under the head of departmental administration on page 269, if it is the intention to discuss civil defence. I said we could do that then or later, whichever met his convenience. We did it then. At that time we were discussing, at page 269·

Defence services—

Departmental administration, including inspection services and civil defence.

It is quite true that there is not a separate item for that; but because of the way in which the defence estimates are put forward in one total sum, it is the way in which it was found convenient for the committee to deal with this matter over the last three years. Once the committee decides to go ahead on a

certain basis, then I should think it would be contrary to the rules of order to reverse that procedure.

Mr. Coldwell: Mr. Chairman, I did not rise to make a point of order. I wanted to say that if this motion is put referring only these estimates to a committee, it is in line with what has been suggested, namely, that we have a committee set up. I was not raising a point of order. I was not questioning the right to move this particular motion at this time.

Mr. Drew: May I point out that standing order 59, in Beauchesne's Parliamentary Rules and Forms, second edition, reads as follows:

A motion that the chairman leave the chair is always in order, shall take precedence of any other motion, and shall not be debatable.

Mr. Fournier (Hull): Question.

The Deputy Chairman: I looked into this standing order when the hon. member made his motion and I also considered citation 480 of Beauchesne, third edition, which reads as follows:

The only motion allowed, when a resolution is under consideration in committee of supply, is that the amount be reduced or that the chairman leave the chair (either without making a report or to report progress on certain resolutions).

If the motion of the leader of the opposition had been "I move that Mr. Chairman do now leave the chair", I would immediately have decided that the motion was not debatable and that the only duty I had to perform was to put the motion forthwith. But what puzzled me, and this is the reason why I raised the matter, was the part in the motion about the procedure; and my understanding was that the procedure had already been decided. Since the situation is doubtful, however, and as I have no authority at the moment on which I can rely for a decision as to whether the motion made by the leader of the opposition is in order or not, I will therefore put the motion right now. Is the committee ready for the question?

Some hon. Members: Question.

The Deputy Chairman: Mr. Drew moves, seconded by Mr. Pearkes:

That the committee now rise and report progress, and that further consideration of estimates Nos. 245 to 252 inclusive be deferred until such time as they have been submitted to detailed study by a select committee, reported to the house and again referred to this committee.

Motion negatived: Yeas 35; nays 50.

The Deputy Chairman: I declare the motion lost. Perhaps it would be the wish of the committee to consider the procedure to be followed from now on.

I have the copies of *Hansard* before me now. Perhaps I should refer to them and see what has been said with respect to procedure. In his opening remarks on this general item the Minister of National Defence said, as reported in *Hansard* at page 2805:

In order that we may have the discussion of these estimates in the order most convenient to members, I would suggest that we follow the practice of recent years. This is entirely a matter for the committee and there is no thought of binding it, but it would be a desirable thing and I am sure one that would meet the views of all quarters of the house if hon. members wishing to make statements about defence generally should do so at the outset. We could then follow with a detailed consideration of the estimates beginning at page 269, taking the main heads in the following order: administration, inspection services, civil defence—I would point out that, since the responsibility for civil defence was transferred to the Minister of National Health and Welfare by an order in council dated February 23, this branch of activity falls under that minister and I expect he will be here to make a short statement and to answer any questions—imperial war graves commission, navy, army, air force, defence research, mutual aid, grants, et cetera, pensions.

Perhaps I should quote also the remarks made by the hon. member for Nanaimo in reply to the suggestion offered by the minister.

Mr. Chairman, the method of examining these estimates suggested by the minister will, I feel sure, be acceptable to members on this side of the house.

Then, in *Hansard* of yesterday, at page 2913, the hon. member for Nanaimo in the course of his remarks said this:

The Minister of National Defence had suggested that, after a general discussion on the general defence policy, we might turn to the details of the estimates as they are laid out at page 269 of the book of estimates. He suggested we might deal with them in the order of administration, inspection services, civil defence, and so on, and that they should be taken one by one so that there would be a chance to discuss each of them.

Earlier in his remarks he had said:

What I was rising to do was to make the suggestion that perhaps we might get along with a careful examination of the estimates.

Then in the typewritten copy of *Hansard* of today I find these remarks by the hon. member for Nanaimo:

Mr. Chairman, I understand item 245 has been called, and that it is now the proposal to continue with the details as they are set out at page 269, the first group of which is under the heading of "Departmental Administration, including inspection services and civil defence." I wonder if the minister who is now responsible for civil defence would now make a statement in this connection? I notice that the subject of civil defence is not separated as a separate detail under the group of details connected with departmental administration.

At that moment he asked if the minister responsible for civil defence would make a statement on that subject. We had a discussion on civil defence, and the consent of the house had been given earlier to this type of procedure, which has been interrupted

by the motion which has just been defeated. Is it the wish of the committee to follow from now on the procedure which was agreed upon earlier?

Some hon. Members: Agreed.

The Deputy Chairman: Perhaps I should point out to the committee that the way I propose to call these items will be in the order in which they appear on page 269 of the estimates, under the various headings, the first one being, departmental administration, including inspection services and civil defence; the second one being imperial war graves commission; the third being navy; the fourth, army; the fifth, air; and the sixth, defence research and development. This is item 245 as detailed under these various headings. Is that satisfactory to the hon. members?

Mr. Drew: Agreed.

Some hon. Members: Agreed.

The Deputy Chairman: Therefore, I will now call the first section of these detailed sums of item 245, appearing under the heading "Departmental administration, including inspection services and civil defence." These details appear on page 269.

Mr. Pearkes: The first detail shown under this heading is that of civil salaries and wages. I notice that there has been an increase of roughly $1,200,000 in that item over the amount expended last year. I wonder whether we can have the details of that detail. I wonder whether the minister can tell us why it is necessary to have that large increase in the civil salaries. What are the main salaries covered? Has this amount of money been spent entirely with the headquarters here in Ottawa of the three services, or does it cover the administration in the different divisions, commands, and so forth across the country?

Mr. Claxton: The main reason for the increase is the increase in the activities of the inspection service due to the increased procurement. The staff of the inspection service is to be increased by a total of 323, the staff of the civil defence co-ordinator, for which we still provide the money, by 62. In addition, provision is made for increased rates of pay as announced to take effect as of December, 1950. The total number of civil employees in 1950-51 was 875; in 1951-52, 1,270; so that the increase is practically entirely taken up with the increased activities of the inspection service and civil defence.

[The Deputy Chairman.]

This covers civilians only, and it covers civilians engaged in civil defence, public relations and inspection services right across Canada.

Mr. Pearkes: What type of inspection service is that? Is it solely concerned with the making of equipment?

Mr. Claxton: Yes.

Mr. Pearkes: Entirely?

Mr. Claxton: Since the termination of the second world war the job of inspection, which used to be done by the United Kingdom and Canada inspection board, was assumed by the Department of National Defence for itself, and it is now carried on by an officer of the department and a staff assisting him, as well as by a number of expert service personnel. They inspect all equipment—ships, aircraft, motor vehicles, clothing, everything that we buy.

Mr. Pearkes: Do they go into the factories which are making this equipment?

Mr. Claxton: Yes, in all aircraft factories; for example, there would be continuous inspection of every part as it is made.

Mr. Pearkes: Do they also go into such organizations as dominion arsenals?

Mr. Claxton: Yes, just the same; Canadian Arsenals Limited is one of the manufacturing establishments which make and supply, through the Department of Defence Production, defence equipment, and we inspect products there in the same way as of any other producer.

Mr. Pearkes: There is, I believe, a dominion arsenal at Longueuil near Montreal?

Mr. Claxton: Yes.

Mr. Pearkes: Is there any change in the policy regarding that? I asked a question on May 4, I think, regarding a story that it was being leased to another firm. Can the minister tell me whether there is any change in the policy?

Mr. Claxton: I will ask my colleague, the Minister of Defence Production, to answer that.

Mr. Pearkes: Has there been any change in the policy regarding Canadian arsenals, and what exactly is the situation regarding the arsenal at Longueuil?

Mr. Howe: There is no change in policy to the extent that Canadian Arsenals is intended to keep a continuous nucleus for production of all the types of weapons that Canada will need in event of war. However, in a preparedness program of this type the

arsenal organization is expanded out of its normal routine, as my hon. friend would expect.

The situation at Longueuil is that the Sorel Industries have taken a very large contract for the manufacture of 3-inch guns partly for the Canadian navy, but primarily for the navy of the United States. It is practically an unlimited order—at least their instructions are to make as many guns as they can handle. It was found that instead of building an addition at Sorel the reasonable and economical procedure seemed to be to combine the two gun plants under the one management, so that the forging capacity of one, which is excessive, could be combined with the finishing capacity of the two plants to permit the operation to turn out the maximum production. That is the arrangement at the moment. It is intended to make those two plants the heavy artillery manufacturers in this preparedness program.

Mr. Pearkes: Then the general nature of the arsenal will be maintained. Will the personnel who have been employed in the arsenal be retained on their special work of providing a nucleus of trained personnel for that development work?

Mr. Howe: Yes. All the personnel at Longueuil have been absorbed into the combined Sorel-Longueuil operation. There was no transfer of personnel. Expert personnel had in part to a very minor degree been transferred to Sorel when the original contract was entered into there. The balance have now been absorbed into the combined operation. The men who were permanent members of the arsenals organization retain their pension rights in the organization; and when this crisis ends they will continue to man the Longueuil plant, and that plant will be maintained as a pilot or an experimental plant for ordnance, as it was before this preparedness program was undertaken.

Mr. Pearkes: Are there any service or army personnel there?

Mr. Howe: I cannot say as to that. I presume there were. In staffing arsenals returned men were given priority.

Mr. Pearkes: I mean active army personnel.

Mr. Howe: Well, the arrangement is that all guns destined to the Royal Canadian Navy are inspected by the personnel of the inspection board, which is army personnel; and guns destined for the United States are inspected by military personnel of the United States.

Mr. Pearkes: Is a complete gun made at Longueuil, or is it done by piecework, letting parts out to other factories in Canada?

Mr. Howe: There are a great many firms engaged in making components of all kinds. It is a very complicated gun. One of the most essential parts is made by Canadian General Electric at Peterborough, and other components are subcontracted in the Montreal area.

Mr. Drew: In that connection, would the minister explain what the arrangements are under which government employees are taken over by the privately operating concern?

Mr. Howe: There is no special arrangement. They were simply voluntarily transferred from the arsenals payroll to the payroll of Sorel Industries, retaining their right as employees—and I am referring to health rights enjoyed by employees of the arsenals. However, they are now employees of Sorel Industries Limited.

Mr. Drew: But they do retain their ordinary rights as government employees, upon termination of their employment with Sorel Industries, is that so?

Mr. Howe: Yes.

Mr. Drew: Is there any precedent for that arrangement? Has that arrangement been carried out in other cases?

Mr. Howe: It is the standard arrangement in the Civil Service of Canada. For instance the Department of Defence Production is a temporary department. No one can establish any rights in the civil service by joining that department. But under the act setting up the department provision is made whereby anyone, who is a civil servant and who transfers to the Department of Defence Production, retains his rights as a civil servant, just as though he were in a permanent department.

Mr. Drew: But what I had in mind was that this arsenal, as I understood the minister's explanation, was for the purpose of developing various types of heavy ordnance for the the government. How will the experimental and developmental activities of the arsenal be carried on, if its whole personnel has been absorbed into a private enterprise on a special contract?

Mr. Claxton: The answer is that development work is carried on by the Canadian armaments development establishment at Valcartier, which is a branch of the defence research board which, in turn, comes under the jurisdiction of the Department of National Defence. The development work is being carried on there by officers of the armed forces working together with defence

research, and, with regard to technical matters of production, and the like, personnel of Canadian Arsenals Limited who are specially expert in that field.

Mr. Pearkes: Would that be a change in policy?

Mr. Claxton: No.

Mr. Pearkes: In the past was not the research work done at the arsenals? Has it now been changed?

Mr. Howe: Perhaps I could explain that. It was never the intention to set up the arsenals as a research plant. The purpose was to retain the skills and to retain the machine tools, or a certain number of them, used for the art, and do such gun-work as is carried out in peacetime which, as my hon. friend knows, is largely repair and maintenance work on existing guns or, if a new gun is required—for example, if a British-type gun is abandoned and a United States gun is installed—the tooling for the United States gun would be carried out at the arsenals plant, and the tooling data sent out to whoever was to be in charge of the large-scale production of the weapon.

But that is quite different from development. This is a production plant on a small scale for the purpose of retaining a staff that can be a nucleus of a greatly expanded activity.

Mr. Pearkes: Where is the repair work being done now on guns of a type different from those being made by this Sorel company?

Mr. Claxton: Those are all done by Canadian army establishments, largely RCEME—the Royal Canadian Electrical and Mechanical Engineers.

Mr. Pearkes: They have facilities to repair guns?

Mr. Claxton: Yes; the gun depot is at Long Point.

Mr. Pearkes: That is not the same place that has been taken over by this Sorel company?

Mr. Claxton: No, it is across the river.

Mr. Black (Cumberland): I was interested in the statement by the Minister of Defence Production in which he pointed out that component parts of the gun are being made by outside industries. Is that distribution under the direction of his department, or of the principal manufacturers of the gun? If there is distribution of the construction of these components, has any such distribution been assigned to industries in the maritime provinces? Many of them had a splendid record during the last war in the manufacture of guns and other primary requirements.

Mr. Howe: The distribution of subcontracting is carried out by the private contractor. Whether any of it is being done in the maritime provinces, I cannot say. However, the Trenton plant of Dosco is being equipped with special machinery for doing naval work of a different type, and plans are being made to utilize the manufacturing facilities of the maritime provinces as soon as the primary work has advanced to a point where the work can be distributed.

Mr. Drew: My impression was that the setting up of these arsenals was for the purpose of having certain machinery available, of having certain skills developed to carry on what the minister has described as the art and which I believe is the term ordinarily applied to the over-all skill in the development of weapons of this type. We are not yet into an all-out war, but it seems to me that if there was a sound argument in the past for setting up arsenals of that kind, for equipping them, for training a skilled staff and for maintaining the gunmaker's art—we are told that we may be in a long struggle for ten, twenty or twenty-five years or more and we know that that struggle is one in which the development of new guns and other arms will be essential for the preservation of peace—it would seem that there is a sound argument now to retain this arsenal for the purpose for which it was built, for which it has been equipped and for which a staff has been trained. Does the minister think it wise at this time to abandon that particular function of the arsenal and to place that skill entirely under a private manufacturer who is carrying out a particular contract with a specific objective?

Mr. Howe: We are using the arsenal for exactly the purpose for which it was retained between the two wars, that is, to have available in Canada skills to do certain operations as required in a war. The three-inch gun is one of the few weapons that has been standardized by three countries. It has always been the objective of Canadian production to obtain contracts of a size that will permit economical operation. Our difficulty in Canada, particularly in the matter of guns, is that until we have all-out fighting the number of guns required by our services is small. For instance, I think our requirement for the three-inch naval gun is something in the order of twelve.

On the other hand, the United States require large facilities and they were willing to place a large order in Canada. I think the original order was for something like 120

guns. Progress has been so favourable that the United States order has been greatly expanded. The Longueuil plant was not suitable for an order of that size and we therefore put a combined order in the Sorel plant, once the order was expanded. We were using the staff of Longueuil on that particular gun and it seemed logical to use the facilities available rather than creating new facilities.

The forging capacity of the Sorel plant is still larger than could be used even on the expanded order of three-inch guns and we hope to put at least two other guns into the same plant. By subcontracting, the combined plant might handle even further business. This is a simple arrangement to balance the productive facilities available in the two plants. There is no forging capacity at Longueuil; they simply have finishing machinery. The Sorel plant has more forging capacity than finishing machinery. By combining the two we get a better operation and we serve the purpose of the arsenal by having a nucleus that can be expanded into a major gun organization.

Mr. Drew: Have any similar orders been placed with other arsenals or weapon plants owned and operated by the government?

Mr. Howe: Our shell production is concentrated at the Lindsay and Quebec arsenals. As we require more shells we are pushing machinery from the arsenals into other private plants. In that way the arsenals are serving the purpose for which they were created, to keep our tooling up to date and to provide a nucleus for the expansion of the shell production.

Mr. Drew: Has anything been done at the small arms arsenal in Toronto?

Mr. Howe: That is a nucleus for the electronics industry. This industry in the last war was largely subcontracted from Research Enterprises. The operations at Research have been contracted into smaller space, but the nucleus of all the work done in the last war was preserved. In this emergency we have taken on large electronics orders which are being handled through Research Enterprises. In fact a plant suitable for assembling one type of equipment for which we have a large order, in contrast to a small order last time, is being built in the Toronto area. Research Enterprises is again providing a nucleus for at least a part of the radar work that is being carried out all over the country.

Mr. Drew: I was referring to the small arms arsenal.

Mr. Howe: There again we have the nucleus for the building of small arms. We are tooling up there now for two new weapons and are considering starting plants outside. The tooling we are doing at Long Branch will, if the orders grow, be moved out into other plants. The production of small arms can be expanded from the Long Branch plant into private industry.

Mr. Drew: The right hon. minister said that the toolings would be moved out. Does he mean designs and patterns or will the tools themselves be moved out?

Mr. Howe: Certain tools will be moved out, but I meant more particularly the technique for tooling. A new gun requires a completely new set of tooling. That is worked out at Long Branch, and some of it is used there, but we can also dilute it and send it out to other plants in order to provide new tooling at those points.

Mr. Drew: Have orders actually been placed under which the full capacity of the Long Branch plant for ·300 calibre rifles and machine guns is being used?

Mr. Howe: There is no production of ·300 calibre rifles and machine guns because that is not a standard weapon at this time. Until a decision is made as to what will be the standard weapon to produce in Canada we will have no orders for the ·300 calibre guns.

Mr. Drew: I am referring back to a statement made a few minutes ago by the Minister of National Defence that a decision had been made to standardize this weapon. Do I understand now from the right. hon. minister that no order has yet been placed for the production of the ·300 calibre rifle or machine gun?

Mr. Howe: No.

At six o'clock the Speaker resumed the chair and the house took recess.

AFTER RECESS

The house resumed at eight o'clock.

PRIVATE BILLS

On the order:

The house in committee on divorce bills Nos. 111 to 114, 119 to 129, 132 to 146, 149 to 168, 170, 171, 178 to 187.

Mr. Speaker: Is a motion necessary at this time? I believe the motion was made the last time these bills were considered. I do not believe any bills have been added since that motion was made, so I believe the order should be the house again in committee.

Private Bills—Divorce

EMILY RITA ROWLANDS SIMPSON

The house in committee on Bill No. 111 for the relief of Emily Rita Rowlands Simpson —Mr. Winkler—Mr. Dion in the chair.

The Chairman: Is it the wish of the committee that these bills should be taken together or separately?

Mr. Knowles: One at a time, and clause by clause.

On section 1—*Marriage dissolved.*

Mr. Knowles: Speaking to clause 1 of this bill I would point out that we started to discuss this bill Tuesday evening, but the sponsor at that time did not have the answers to all the questions put to him. I have looked over the evidence in this case since then, so it is not necessary for me to ask the sponsor further questions; but I do think the committee should take time to consider the nature of the bills we are putting through, and that applies to this Bill No. 111. As I have said on other occasions, if it is the will of the house that we do this job, we should do it in a responsible manner.

My reading of the evidence in this case leads me to feel that Mrs. Simpson is certainly entitled to a divorce from Mr. Simpson. His conduct as spelled out in the evidence is such that I for one would not ask her to continue to live with him or to be married to him. If this bill were to come to a vote I would vote for it; but I must say I am appalled at the nature of the evidence on the basis of which the divorce is granted. I do not intend to go into the details of the evidence, but if I were a lawyer taking a case like this to court I would not hope to get away with it on the evidence on which this case is based.

Mr. McLure: If you had a retaining fee you would try to get away with anything.

Mr. Knowles: I am not a lawyer, but if I were I would not be a lawyer of that type. I suggest to hon. members that they get copies of the evidence in this case and read it, and in particular page 9. I am sure they will agree with me that it looks as though matters had been carefully arranged in order to obtain the evidence of adultery against Mr. Simpson. I have no doubt he was doing a lot of things he should not have done, but this particular piece of evidence does look as though it was arranged. As I say, that is one of the dilemmas we face in dealing with these matters, and that is one of the reasons I feel parliament is not the proper body to deal with these cases. I believe this is a case that should have been dealt with by a court.

[Mr. Speaker.]

Mr. Coldwell: As I said the other evening, for a number of years in common with a good many members of this house, I am sure, I have simply refused to spend my time reading the evidence in these dozens and dozens of divorce bills that come before us. In spite of the fact that I have been pretty busy over the past few days, however, I have changed my procedure, and for the first time in a good many years have read the evidence in some of these cases.

As the hon. member for Winnipeg North Centre states this is a bill which should be carefully considered before it is passed by this house. It is one of those cases in which investigators or detectives were employed, and where the evidence is given by a couple of detectives. In this case the witness was asked by the clerk of the committee:

Q. What is your name? A. Clarence Melvin Simpson.
Q. What is your age? A. 61.
Q. Where do you live? A. Fonthill, Ontario.
Q. What is your occupation? A. Investigator.

Then the witness was asked by Mr. Harvey:

Q. Mr. Simpson, are you the proprietor of Employers Agency Investigators Limited? A. I am, yes.
Q. You are no relation to the petitioner, are you? A. No.
Q. Or to the respondent? A. Just a coincidence.
Q. Did you have occasion to be employed by Mrs. Simpson to investigate the activities of her husband? A. I did.
Q. Will you look at this photograph and state whether you have seen that subject? A. This is a photograph of a man that Mrs. Simpson identified to me on August 22, in the lobby of the Laurentien hotel as her husband, Mr. Simpson.
By Hon. Mr. Howden:
Q. I presume you mean August, 1950? A. Yes, August, 1950.
By Mr. Harvey:
Q. Did you have occasion to follow this man and ascertain his activities subsequent to that date? A. I did.
Q. Will you tell us what your investigation consisted of and what it revealed?

Then the investigator went on to say that he located Mr. Simpson's car; that he followed the car to a restaurant where Mr. Simpson met a woman, and that they then proceeded to a hotel. I am not going to name the hotel, but it is one of the good hotels in Montreal. Then the story is told of the registration, and how they went up to a room. The detectives put scotch tape on the door and left it there for about three hours. They went back and knocked on the door, and a man put his head out and asked what they wanted. One of the detectives replied: "Oh, I had this room a while ago and I left my raincoat here". Immediately the man tells them to come in and look for the raincoat. When they go in, ostensibly to do so, the witness described what they saw, and on that ground there is an application for divorce.

This business of investigators taping doors and being invited by the guilty party to come into the room and look for a raincoat, or something of that sort, seems exceedingly fishy to me. Then follows a description of the woman, and Hon. Mr. Howden, a member of the committee, asked this question:

Q. You did not make any attempt to obtain the name of the co-respondent? A. No.

I submit that if this were before a court, if a judge were investigating the case, this evidence would be gone into pretty carefully before a divorce would be granted under such circumstances. I am not criticizing the committee of the other place. All you have to do is look at this list of nearly 150 divorce bills. Today I found that they were dealing with another batch of them; that they are occupied next week with a list. I saw two agendas, one with eight cases on it for one day, another with nine cases for another day. I am told that they have to do from eight to twelve cases a day—with two committees of course. As a rule the committee sits from ten thirty in the morning until one o'clock, but sometimes when particularly difficult cases come along, and there are counsel and witnesses, the cases run over into the afternoon. Sometimes, they are longer than that. The average time I should think would be from twenty-five to thirty-five minutes.

Mr. Winkler: Sometimes they take all day.

Mr. Coldwell: That is what I say, sometimes they take all day. Sometimes they have to go into the afternoon. But where you find from eight to ten cases dealt with, as they are dealt with by the two committees in the morning, it means an average of twenty-five minutes to thirty minutes for each case. By looking at the summary of the evidence that is placed before us in some cases, what happens is quite obvious—again, I want to make it quite clear that I am not blaming the members of the other place. I think probably if we had a committee of this house, with several hundred of these divorce cases, our membership in this house would find it difficult to deal with them and do the other business which is expected of us or that we expect the hon. gentlemen in the other place to do. I want to make it very clear that I am not making that criticism.

All I am saying is this. Whether or not we believe that we should have divorce in this country, we have divorce. I believe the manner in which it is done today is a reflection upon this parliament. It is a burden placed upon this parliament which we, as hon. members, should do our very best to eliminate. I believe the only way that we can rid ourselves of this burden is to make a protest on every bill that comes before this house from now on. We may have to discuss, as I have been doing for the last few minutes, some of the evidence. I have been told that one of the reasons they are able to get through the number of cases that they do is the fact they often have experienced witnesses in these cases who know exactly what to say and do when they come before the committee. The committee has no means whatever of finding out anything other than what it is told. On this evidence, which looks to me to be rather fishy, you find the dissolution of a marriage. I do not feel, as I have often said, that I wish to be a party to this kind of thing.

Mr. Chairman, contrary to what the hon. member for Winnipeg North Centre says, that he thinks this bill should go through, I do not think so. It looks to me as though this is a case where the investigators have been careful to get the evidence, and the man at least has been anxious to provide the evidence. The invitation to enter the room to see if the raincoat was still there is a most unlikely occurrence in my opinion, and that alone is ground for further investigation than we have before us in this particular instance. When this bill comes to a vote, I intend to vote against it. I say to hon. gentlemen that we have perhaps been derelict in our duty, because there are so many other matters of importance to all the people of Canada that we should not spend our time in dealing with matters affecting two people—although I should not say only two people.

As a matter of fact I have read only five cases, and I spent quite a little time in reading those five cases. If we had to read the 130 or 140 cases that are now on the list we would be reading nothing else. Perhaps we shall not be doing anything else from now on in the private members' hours but discussing these particular divorce bills. I said just now that they affect two people. In some cases there are children. So far as I can see no consideration, or very little consideration, has been given to the children, although some of the hon. gentlemen investigating do ask whether the children are being cared for. Although I have not been particularly interested in them, I have seen divorce proceedings reported from the courts in Great Britain, and if my recollection serves me well the children are placed in the hands of one of the parents, usually the innocent party, and recommendations are made for their sustenance and their care.

Mr. Harris (Grey-Bruce): That is true here.

Mr. Coldwell: No.

Mr. Harris (Grey-Bruce): Yes, it is.

Mr. Coldwell: No, if any provision is to be made the case has to go to another court.

Mr. Harris (Grey-Bruce): Why not?

Mr. Coldwell: Why should the aggrieved person who has charge of the children have to go through another process of law, with more expense and all the rest of it in order to get some provision for the children? I say that if we had a proper court following proper procedure, we would have greater justice to the individuals and greater justice for the children of the marriage. I say to hon. gentlemen that whether or not we agree with the principle underlying divorce, that is an immaterial point. We have divorce now, and in my judgment it is far better to have it under proper conditions, with a proper judicial inquiry, than the kind of inquiry we have, or rather the kind of evidence we have which is not sufficiently investigated —I should say at least in the case of Bill No. 111 on our list tonight.

So I say to hon. gentlemen that I hope as a result of this discussion and the understanding of this situation in this country, there will be unanimous opinion in this house that we are going to rid this parliament, particularly the hon. gentlemen of the other place, of the obligation to do this kind of thing. Once or twice I have heard the other place referred to in recent years as merely a divorce mill. That does not bring respect to this parliament or to the gentlemen who occupy seats in the other place. So, Mr. Chairman, I am opposing this bill which, as I say, I have taken the trouble to read.

Mr. Knight: Mr. Chairman, I should like to say a word or two in reply to the interjection by the minister of immigration. When the member for Rosetown-Biggar suggested that the children in these cases would get a better deal from a regular divorce court than from the divorce court of the Senate, it was suggested that his point was not well taken. When someone said that the parties would have to go to a regular court to see that these children were properly cared for, the minister of immigration said in my hearing, and the hearing of other members of this house, why not? My answer is, why should these people have to go to a second court to get justice? Why should there be two separate courts, two sets of lawyers, two lots of lawyers' fees? When the person has to go to one court, namely, this court of the Senate, to get a divorce, then he has to start proceedings all over again to see that the children are properly cared for. I think it is a foolish and stupid expenditure and, may I say with all due respect, a foolish suggestion.

An hon. Member: It is good for lawyers.

[Mr. Harris (Grey-Bruce).]

Mr. Harris (Grey-Bruce): Will the hon. member permit a question? I am not sure whether the argument—

Mr. Knight: Is this a question?

Mr. Harris (Grey-Bruce): Yes.

Mr. Knight: All right.

Mr. Harris (Grey-Bruce): I want it clearly understood whether the hon. member is arguing that parliament should exercise jurisdiction over the custody of the children.

Mr. Coldwell: No; he is asking for a court.

Mr. Knight: We are asking for a court in which the divorce and the care of the children can be looked after simultaneously.

Mr. Harris (Grey-Bruce): All right.

Mr. Knight: Now I should like to proceed.

Mr. Harris (Grey-Bruce): My question was this. Is that court to be parliament?

Mr. Knight: I did not hear the question.

Mr. Harris (Grey-Bruce): Were you suggesting that parliament should exercise both jurisdictions?

Mr. Knight: No. I was suggesting that the whole rotten matter should be taken out of the jurisdiction of parliament and put somewhere else.

Mr. Harris (Grey-Bruce): That is a wholly different matter.

Mr. Knight: I should like to say a word or two upon this Bill No. 111, in regard to investigators. I should like to ask the hon. gentleman who is sponsoring these bills a question. May I say that I have the deepest sympathy for him because I know he is performing what he considers to be a public duty. Somebody has to do this dirty work under the legislation as it now stands, and I take it that he is the rather unwilling victim, but in any case the victim. I know that I would so consider myself if I were in his position. But I should like to ask him if he considers that these people who are called investigators are people of integrity and people about whom there could be no suspicion.

I have felt it rather deeply on my conscience in the last five years, not only because I am a member of this House of Commons, having to deal with these matters by this phony and farcical method but also because I have been a member of the standing committee on standing orders, which considers these cases when they come in late, where we give to the people concerned a special dispensation so they can sneak in under the wire, as it were, and have their cases considered when they have not fulfilled the regulations in regard to the time limits for application.

I have read little, I shall admit, of this evidence; but I have read enough to convince me that these investigators as a class are not people to whom I would care to lend money or whose word I would care to take in any particular case.

An hon. Member: Parasites.

Mr. Knight: "Parasites," my hon. friend has suggested. These are the boys who sneak around in the middle of the night and put match sticks against bedroom doors, who sneak around with bits of sticky tape, that sticky stuff—

An hon. Member: Scotch tape.

Mr. Knight: —and stick it on the doors.

Mr. Dickey: Jealousy will get you nowhere.

Mr. Knight: No one has proved to me in this case that that scotch tape was not removed and another piece put on in its place. I see no evidence to prove that. They say that the scotch tape was there at nine o'clock and that it was also there at twelve. So be it. They said they had looked once in a while to see if the scotch tape had been removed; but in so far as they were concerned, it was still there.

Mr. Stick: Was it put over the key hole?

Mr. Knight: I should like to draw to your attention the manner in which this investigator regarded the telling of the truth or the telling of a lie in this particular case. This is his method. He knocked at this door, as the hon. member for Rosetown-Biggar has said, and he lied to start with. He said: Look, I was here two days ago staying in this room. I left my overcoat here. Can I come in and get it?

An hon. Member: It was a raincoat.

Mr. Knight: All right; it was his raincoat. That was a lie to start with, and it is a lie that is apparently condoned in this kind of thing, and is the regular method of doing business. I suggest that investigators who start out on premises of that sort are people whose word should not be taken in any court, I do not care whether it is a court of parliament or whether it is a special court in the matter.

I should like to say that there are peculiar things about this court. This is a peculiar, underhand way of getting a divorce through the back door. Personally I can never see the difference, as a question of conscience, between the setting up of a divorce court in a province and doing it honourably and in a manly fashion and the condoning of the granting of divorce by the House of Commons by a back door method. As far as I am concerned, that is only splitting hairs and making too fine a distinction for me to appreciate it. May I say that I wholeheartedly respect the opinions of those who oppose divorce upon religious grounds or by reason of their conscience, or on both grounds. I believe that there are a number of the people on the government side who are most sincere in that regard. There is, however, one easy and obvious way by which they could prove that sincerity. When I see and hear some of these hon. gentlemen over there on the government side who object to divorce—and may I reiterate that I respect their views and opinions—croaking out of one side of their mouths "carried, carried" when one of these bills come up, and croaking out of the other side of their mouths "on division", then I begin to wonder about that concern. As far as I am concerned those two things are contradictory terms. I am not stating that the same man says "on division" who says "carried, carried." But I am saying that some of these people over there say "carried, carried" with the object of getting the bill through with the least amount of trouble, while some others are saying "on division". As the Minister of Public Works said the other day—and he said it quite sincerely; and I am quite sure that he does so—he votes against every one of these bills. But he has not the opportunity to vote against every one of these bills. All he does is to say, "on division, on division" while his friends croak, "carried, carried, carried."

Mr. Sinclair: It is a free country.

Mr. Knight: There are other things that I should like to say about this bill. As the hon. member for Rosetown-Biggar has said, divorce in this country exists; divorce exists for the people of Quebec and for the people of Newfoundland, because they get divorces through this back door method. As I say, I cannot see the difference between having their divorces granted in a proper and regular way, whereby the children would be looked after and other things would be done, and condoning divorce and shouting "carried" or not opposing them.

I am going to say to my sincere friends—and may I say that I say that with no sarcasm and with all the good will in the world—including the Minister of Public Works, that if he wants to show his active and sincere opposition to divorce, he can gather around him five like-minded people on the other side of the house and they can hold up these divorce bills until the cows come home, and not another divorce bill will pass this house.

If people are honest in their opposition to divorce, I am going to suggest that they do just that.

The hon. member for Winnipeg North Centre has, on one or two occasions, suggested an alternative. He has said—and this would violate no one's conscience—that the province of Quebec, the province of Newfoundland or any other province is perfectly within its rights when it says: We will not set up divorce courts. With that stand I have perfect sympathy. But if they are going to condone the granting of divorce by this back door method, then I suggest they might at least study the proposition as set forth to the house by the hon. member for Winnipeg North Centre. He had two propositions, as I remember them. First that there be set up in the capital of Canada a special federal divorce court where these things could be studied, where lawyers would be present. Mr. Speaker, we are not competent here to study these divorce cases. I was not sent to parliament because of any superior knowledge I have of the matter of divorce. I am not competent to judge these things, and yet I am supposed to put my initials, as it were, on 150, 300 or 400 of these things without any investigation whatever.

I suggest that a divorce court should be set up in some other place. If the people of these provinces object to having it set up in their provinces, why not set it up anywhere, across the road, anywhere in Ottawa, but let us get it out of this parliament.

The second thing that my hon. friend has proposed is that these things should be handled by the exchequer court. I do not know enough about the exchequer court to know whether that is possible or not, but I am sure that any group before whom these things would be tried, where there would be judges, and competent lawyers for the plaintiff and for the respondent, would be more satisfactory than the present procedure, and we could get on with our work, the work that we were sent here to do which, so far as I am concerned, is not to wade through this filthy evidence. I am sure that if our constituents and the people of this country could read that evidence as it is available to us to read they would give us a mandate to clear this thing out of the House of Commons, a thing which is a farce and a disgrace against the dignity and the conscience of this house.

This is my opinion on the matter, and I have spoken plainly. I hope I have offended no one, but this is what I believe from the bottom of my heart. Later I shall have a word to say on the subject matter of this particular bill.

Before I sit down I want to say one more thing to you, sir, and to this house, and that is the inequitableness with which these divorce cases are considered. The other day in the committee on miscellaneous private bills we considered one particular divorce. In that case a certain amount of money was involved. The man concerned had set his separated wife up in a rather luxurious life. He had given her a house, a car and a large allowance. A little later he repented of his good deeds, if good deeds they were, and he decided to take away from her that which he had given her, and so the case came before parliament. Here was a case that received considerable attention. They had money on both sides. They were able to hire lawyers, and that takes some money. There was an appeal to the committee on miscellaneous private bills. Here was one case which was thoroughly reviewed by that committee. A lawyer was present representing the petitioner and another lawyer represented the respondent. We heard both sides of the case. We acted in our capacity as judges, and we largely agreed that the divorce should be granted. But my point is this: if these people had not had the money which was involved in that appeal there would have been no appeal. That particular case was investigated, as every case should be investigated, and I made up my mind that, so far as I am concerned, in every case on which I give a favourable opinion in this House of Commons the evidence shall be studied in this house, and I am going to give my decision on the basis of the evidence that is here produced.

Mr. Winkler: Mr. Chairman, I have only a few words to say. There are 129 cases before the committee tonight. The Senate has asked our concurrence in dissolving these marriages. All I ask hon. gentlemen opposite is: why should these 129 innocent people be the guinea pigs for this—I will not call it a filibuster; the opposition is entirely within its rights to do this—why should these people be the innocent sufferers for this procedure?

Mr. MacInnis: I should like to say a few words in connection with the case which is now before us, but before I say what I intend to say may I suggest to the hon. member for Lisgar, when he says that it is too bad that these people have to suffer when these bills are delayed, that innocent people will suffer no matter when divorce cases are delayed. It is clear, however, that this parliament will never provide any better way for

the people of the provinces who have no divorce courts to get divorce so long as we facilitate divorce through this court. The stand has unfortunately got to be made here by those of us who object to this method of granting divorce.

Having said that, I believe we should discuss this bill a little more temperately than has been done by the last speaker.

Mr. Cote (Matapedia-Matane): Why?

Mr. MacInnis: For the reason that I shall give you in a moment. An hon. member referred to this "dirty business". It is easy to see that his married life has been happy. He has not had to try to find means of dissolving his marriage. He also referred to the "back-door method" of getting evidence. I am convinced it is no more a back-door method than is the case in a court of law in any of the provinces. Let us remember, there is only one ground for divorce in this country, and obviously to find evidence to prove guilt on that ground one does not find it in the public square. No matter whether you hire a lawyer and take the case to a proper court of law—where I think every hon. member will agree with me that is where it ought to go—you are not going to get away from this method of finding evidence or finding proof of guilt, so long as we have adultery as the only ground for divorce.

I think some hon. members will recall that when the divorce act was amended in Great Britain some years ago the humourist of the British House of Commons at that time, A. P. Herbert, wrote a very humorous story to demonstrate what fantastic things one had to do to give proof of infidelity. Eventually the grounds were broadened. The point which I wish to make is this: I am not opposed to this house granting divorce because I do not believe that they are properly investigated. I am satisfied they are just as well investigated as in any court of law. Nevertheless I am satisfied that this is not the place to grant divorce.

An hon. Member: Let them keep them there.

Mr. MacInnis: That is not the question. The laws of Canada provide for divorce, and until such time as the lawmakers of this country provide a court in every province, then those of us who believe that that is the way it should be done have a right to object in this house.

Mr. Cote (Matapedia-Matane): Why?

Mr. MacInnis: Because we object to the time of the house being taken—

Mr. Cote (Matapedia-Matane): What do you think of the Quebec laws?

Mr. MacInnis: I am not discussing Quebec laws.

Mr. Cote (Matapedia-Matane): You should.

Mr. MacInnis: I am not discussing Quebec laws, but if my hon. friend will go back into *Hansard* a little he will find that during the years 1928, 1929 and 1930 the people of the province of Ontario had to come to this parliament for divorce. Just imagine what the situation would be today if, with the province of Quebec and the province of Newfoundland, we also had the people of the province of Ontario coming here to seek divorces. We would be doing nothing else from morning until night, from January to July, but hearing divorce cases.

Mr. Cote (Matapedia-Matane): I agree with you on that.

Mr. MacInnis: Then if you agree with me on that you undoubtedly agree with me on the rest of my argument. I am very glad to have my hon. friend's agreement, because I think he can give intelligent reasoning to the question.

Mr. Cote (Matapedia-Matane): You will find out later.

Mr. MacInnis: During the sessions of 1928, 1929 and 1930, and perhaps 1927 as well, there had to be—well, call it a filibuster, if you like—put on in this house before parliament decided that the province of Ontario should have its own divorce court.

Now, all of us here—and I think I speak for all of us; in any case I speak for myself—

Mr. Dickey: Are you sure about that?

Mr. MacInnis: Yes. As I said the other night, as each divorce case comes to a vote I will vote for the granting of the divorce so long as it has gone through the procedure laid down by the rules of parliament. But despite that I do insist that this is not the place for the granting of divorces.

Mr. Cleaver: Mr. Chairman, I shall not take long in what I have to say. However, I was rather shocked to hear the remarks of the hon. member for Saskatoon a few moments ago, when he referred to the divorces granted by the parliament of Canada and described them as a farce and a disgrace. I do want to put my hon. friend right, because I have known him for many years, and I know he would not have made that statement if he had known the facts.

I want to tell him that no Senate divorce bill comes before this House of Commons

for consideration until a trial has been held under oath by competent and experienced persons. At that trial the applicant for the divorce must prove the domicile of the husband, in order to clothe the court with authority—because only the court of the domicile of the husband has authority. Then the applicant must prove the marriage; the applicant must give full particulars respecting the children of the marriage; the applicant in every case—and there is no exception—must prove that adultery was committed by the offending member of the marriage.

Now I ask my hon. friend, in the face of all that—and this evidence must be given under oath—if it is fair to say that a Senate bill comes to the House of Commons as a farce and a disgrace. I also wish to tell my hon. friend this, that I well remember when we did not have a divorce court in Ontario, a time when our courts in Ontario did not have jurisdiction over divorce. I well remember in the early years of practice going to Ottawa and taking part in a divorce case before the Senate. Let me assure my hon. friends who are objecting to this procedure, and who are suggesting that the men who try these divorce cases are incompetent, that the procedure is a farce, or anything of that nature, that from personal experience I can assure them that the cases are carefully and thoroughly tried, and that they are tried in camera.

It is within the province of any member in the house who wishes to do so, on every section of every divorce bill which comes before us—if he wants to regale himself with that sort of publicity or information—it is quite within his rights to ask for and to have put in the minutes of the house the full particulars of the adultery, the full particulars respecting the names of the offenders, and all that sort of thing. But I do suggest that that would be going far afield; I would suggest it is a breach of the confidence that is placed in every member of the house. We are given these rights of information, rights of free speech and all that sort of thing; we are given these rights for our protection, as members of a democracy. But I do suggest that we should not offend against that very protection which is given to us by making ourselves objectionable or by holding up the proceedings of the house as, I believe, was threatened not long ago, until the end of the year, or something of that kind.

That is not the way in which we should assume the responsibilities reposed in us. Each one of these cases is thoroughly and carefully tried. But under the British North America Act, as we all know, every bill, even when initiated and carefully studied in the Senate, must come to this house for three readings and for passing. There is no doubt about that. When a Senate bill that has been studied comes to any other committee of the house, unless there is serious opposition to the bill, or something of that nature, we do not go over the work of the Senate again. We do not consider we are rubber stamps if we do not do that work all over again.

I suggest to my hon. friends that if they would take the trouble, unpleasant as it is, to read the evidence given in just two or three of the cases they would see how carefully each case is gone into, and that nothing is missed.

Mr. Knight: Is the hon. member in favour of the continuance of the present system of handling these divorces?

Mr. Cleaver: I shall be very pleased to answer the question, and to answer it frankly. I was very much pleased when the Supreme Court of Ontario was accorded jurisdiction to handle divorce work, and I would be very much pleased if every province in this country of Canada were to have a provincial court clothed with such jurisdiction.

Mr. Coldwell: On a question of privilege: the hon. member alluded to hon. members who had spoken, and suggested that we were abusing our privilege in parliament when we placed certain matters on the record.

Mr. Cleaver: May I interrupt; I do not wish to offend any member. What I meant was this, that in reading the record of *Hansard*—because I was not in the chamber the other night—if I read correctly I saw a rather direct threat that each of these bills would have to be called a section at a time.

Mr. Knowles: That is not a threat; it is a right provided by the rules of the house.

Mr. Cleaver: Oh, yes, you are within your rights! This man who poses as the expert on house procedure—I have listened to him this session ad nauseam on something like twelve arguments.

Mr. Knowles: Mr. Speaker, I rise to a question of privilege. Is it out of order for a member of this house to ask that the rules of the house be obeyed? Is it proper for such a request to be called a threat?

Mr. Coldwell: I had not finished my question of privilege.

Mr. Cleaver: All I can say to the hon. member for Winnipeg North Centre is: there he goes again.

Mr. Coldwell: I had not finished my question of privilege. I had taken exception to the suggestion by the hon. member that we

wanted to regale ourselves with this sort of thing, and that we are doing it merely for publicity. I wish to tell him that this sort of thing is pretty obnoxious to me, personally. And so far as I am concerned, I have no desire to go into it. If you will notice, when I spoke on the bill I mentioned no name of any litigant whatsoever—I did not mention even the name of the hotel involved. But we have a right to endeavour to get to the root of this thing to which we object—some of us. I have been here for 15 years and I have objected nearly every year. Apparently the only way we can get this matter out of this parliament where it does not belong is by showing that it is impossible to deal with these bills in the ordinary legislative way.

Mr. Cleaver: Does my hon. friend suggest that this committee has the power to clothe provincial courts with authority?

Mr. Coldwell: No.

Mr. Cleaver: Is not that entirely outside the jurisdiction of this committee?

Mr. Coldwell: I am suggesting that this parliament has the power and the right to designate a federal court that would take these cases instead of their coming before parliament. I was not suggesting that parliament had the right to set up a provincial court; I was suggesting that parliament had the right to designate a federal court where these cases could be heard properly.

Mr. Cleaver: I do not want to be a pest, but I do not take up much time of the committee. Does the hon. member think that it is fair to deny any subject the right to divorce when a marital offence has been committed? That is an inherent right of every subject. Until provincial courts are set up, no matter how much it militates against our feelings and all that sort of thing I think every subject is entitled to divorce.

Mr. Coldwell: I certainly think it is the right of every subject to exercise his right freely in that respect. I think it is the duty of every majority to see that minority opinion is respected wherever a minority opinion exists. I think also that we have the right to take from this house these obnoxious divorce matters and place them in a federal court where they can be handled according to the rules of procedure and the law.

I made it quite clear that I was not criticizing the hon. gentlemen of the Senate when I spoke. I said that I had been there on one or two occasions and had heard them go into these cases. While I thought they were overburdened and pressed for time, I was not critical of them and did not intend to be. That is not the point.

Mr. Knight: On a point of order. The hon. member for Halton insinuated that when I said this thing was a farce and a disgrace I was reflecting upon the judgment of the Senate. I had no such intention. When I said it was a farce and a disgrace I was indicating that we should not be asked to rubber stamp something of which we had no knowledge and in connection with which we had not the time to survey the evidence. I should like to correct something I said. I said that the hon. member for Winnipeg North Centre had suggested setting up two courts, but I think he suggested rather that these things should be referred to the exchequer court.

Mr. Hansell: Mr. Chairman, there does not appear to be a great deal of time left before nine o'clock in which I can say all I want to say on this bill, but perhaps I can pick up just a few loose ends. I think where the disgrace comes in is to impose upon parliament, the highest court in the land, all the ramifications of the presenting of bills to both the upper and lower houses, having the bills printed, going through all the procedure of having them adopted in this house, simply for the purpose of dissolving a civil marriage. The disgrace is further accentuated when we are expected, if we are expected, to pass one or two hundred bills within a period of a few minutes without having the opportunity of asking questions. That is where the disgrace comes in.

This is nothing new. We have brought this thing up every year. The hon. member for Halton has stated that it would delight his heart if a certain province in this country could see its way clear to pass such legislation as would refer these matters to the courts. I do not know what is the position of the Minister of Citizenship and Immigration, but he asked whether we wanted this house to be turned into a court. I should like to ask him if in his opinion some other court should attend to these matters.

The sponsor of the bill is experienced in dealing with private bills and I should like to ask him if he agrees with this method. They all seem not to agree with the method. They appear to think it is obnoxious, yet none of them seems to make any move to alleviate the situation and see that something else is done. Why cannot we urge that the government take some step? I am not a constitutional expert, but I believe we have the constitutional right to set up a special court, say a court of domestic relations. Then the people in any province which does not

permit the reference of divorces to the courts could appeal to this court of domestic relations.

In connection with this particular bill, I agree with the hon. member for Rosetown-Biggar in that I think I can read into the bill some evidence of collusion. I read the evidence in connection with this bill quite carefully when I realized it would be coming up tonight and I find that what happened here is very unusual.

Section stands.

Progress reported.

Mr. Speaker: It being nine o'clock the house will resume the business that was interrupted at six o'clock.

SUPPLY

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

DEPARTMENT OF NATIONAL DEFENCE

Defence forces—

245. To provide for the defence forces of the navy, army and air services and defence research and development, and to authorize total commitments for this purpose of $3,831,270,000 including authority notwithstanding section 29 of the Consolidated Revenue and Audit Act, to make commitments for the current year of $1,924,170,835 and commitments against future years of $1,907,099,165 against which commitments it is estimated that actual expenditures in 1951-52 will not exceed $1,595,050,000 of which $183,050,000 will be provided from section 3 of the Defence Appropriation Act, 1950, as supplemented by item 246, $1,412,000,000.

Mr. Drew: Immediately before the committee rose at six o'clock we were discussing the use of the small arms arsenal outside Toronto. Certain questions were directed to the right hon. Minister of Trade and Commerce—I will wait, Mr. Chairman, until I can hear my own words.

The Deputy Chairman: Order. I would ask hon. members who are behind the curtains to remain silent.

Mr. Drew: Questions had been directed to the minister—I do not propose to continue, Mr. Chairman, until it is possible to be heard in the chamber.

The Deputy Chairman: Order. Perhaps I should remind hon. members that the jurisdiction of the chairman extends not only to the chamber but also to the lobbies. If they do not wish to resume their seats and listen to the debate, I would suggest that they go to other quarters.

Mr. Drew: I shall start again. I was saying that before we rose at six o'clock certain questions had been directed to the Minister of Trade and Commerce in regard to the use being made at the present time of the small arms arsenal outside Toronto. I do not know whether the minister is to be here this evening, but it would have been helpful in view of the nature of the discussion that took place. However, the Minister of National Defence is here. I took down the exact words of the Minister of Defence Production in answer to a question in regard to the production of the ·300 calibre rifles and machine guns at that plant, which is equipped to produce rifles and machine guns. These were his words:

> There is no production of 300 mm. rifles and machine guns because that is not a standard weapon at this time. Until a decision is made as to what will be the standard weapon to produce in Canada we will have no orders for the 300 mm. guns.

The minister referred to 300 mm. rifles, but I am sure that was in error; it should be ·300 calibre rifles and machine guns, because we were discussing rifles and machine guns, and also the fact that there were ·303 calibre rifles in this country at the present time. This indicates one of the difficulties with which we are confronted in discussing these estimates. In the London *Free Press* of May 3, 1949, the Minister of National Defence is quoted as saying at Detroit on May 2 of that year:

> Canada has decided to abandon the rimmed cartridge ·303 calibre rifle her troops used in two world wars for the rimless cartridge ·300 type which is the American army service rifle.

That was a positive, definite statement of a decision, announced by the minister primarily responsible for the type of weapons which will be used by the defence forces of this country. That was just over two years ago. Therefore it was a matter of both surprise and concern when the members of this house learned earlier this year that the plant which is tooled up to produce rifles and machine guns, and which has produced very large quantities of rifles and machine guns, was not in fact making those arms for the Canadian armed services; but that whatever else it was doing, it was making shotguns for sporting purposes for sale through ordinary civilian channels. More recently this subject has been under discussion in the public accounts committee. On May 1, 1951, the deputy minister of national defence was being questioned in regard to the type of rifle that was to be adopted for the Canadian forces. Certain questions and answers indicate that there was no doubt as to what was under discussion, and no doubt as to the answer. At page 246 of the proceedings of the public accounts committee I find these words:

> Mr. Fulton: Has it been decided to adopt the ·300 as a standard rifle for the Canadian services?
>
> The Chairman: Would you mind repeating your question, Mr. Fulton? There is a great deal of noise in the room.

By Mr. Fulton:

Q. Has it been decided to adopt the American ·300 rifle as the standard rifle for the Canadian forces, particularly for the Canadian army?

A. It has.

The Deputy Chairman: Order. As a matter of information may I ask the leader of the opposition if this evidence has been reported to the house? If it has not, it may not be quoted. If it has, I am sorry to have interrupted the hon. gentleman.

Mr. Drew: No, Mr. Chairman, it has not been reported to the house, and if any objection is taken of course it cannot be read. I should have thought that on a matter so important there would be unanimous consent to the reading of a question and answer which have such a direct bearing on a question and answer given in this house today, especially since the question and answer I read are wholly incompatible with the answer by the Minister of Defence Production. One statement or the other is correct. The statement by the deputy minister of national defence, which I shall simply refer to as a statement to that effect, does at least indicate a belated carrying out of the declaration by the Minister of National Defence in Detroit on May 2, two years ago. But today we had the statement by the Minister of Defence Production that these rifles are not being made. It did not stop at that point. The minister went on to explain that no orders will be placed—and I am using the words he used in this house this afternoon—"until a decision is made as to what will be the standard weapon to produce in Canada".

The members of this committee need a great deal more information now before we depart from this discussion. If the answer of the deputy minister of national defence is correct I should think all the members of this committee would want to know why we were selling rifles and machine guns and ammunition outside this country. Many were under the impression that a decision to change had been made. I would imagine many hon. members would want to know why large quantities of ·303 ammunition were sold to China at a time when the ultimate use of that ammunition was likely to be in very uncertain hands. Certainly there was indication after indication that the reason we were disposing of ·303 weapons and ammunition was that a decision had been made to change to the American standard, and of course we had the statement of the Minister of National Defence to that effect. Now, I should think first of all, Mr. Chairman, there should be the clearest possible statement by the Minister of National Defence explaining his statement of two years ago. What has happened since then? Then, either from the Minister of National Defence or from the Minister of Defence Production, a full and complete statement as to what use is now being made of the small arms arsenal at or near Toronto, and exactly what is going to be done in regard to the equipment of our forces.

Mr. Claxton: The first observation I should like to make, Mr. Chairman, is that if we agreed to the position which you put to the committee two or three times, and which as I understood was agreed to by the committee, it would be a good thing if we kept to the order laid down, that is to deal with administration, inspection services, civil defence, and so on in order. Since the question has come up, I shall deal with it now.

On May 2, 1949, I did not say what was reported by the hon. leader of the opposition.

Mr. Drew: I do not want to interrupt, but it was not reported by the leader of the opposition, it was a report which the press carried.

Mr. McIlraith: You took the responsibility of reading it to the committee.

Mr. Drew: Certainly I read it.

Mr. McIlraith: You took the responsibility of putting it on the record.

Mr. Claxton: Let us say you reported the report.

Mr. Drew: I have read the report.

Mr. Claxton: That is all I said, and that is all I meant. I do not see why we should have to have little fights over such a small thing as this.

An hon. Member: Neither do we.

Mr. Claxton: Who started it? I did not. What I said on May 2, 1949, when I was speaking in Detroit was:

> A great step forward would be the adoption by the friendly powers of the rimless cartridge and the ·300 calibre. We in Canada have decided to take that step but bringing it about is again a difficult matter because we have some hundreds of thousands of perfectly useful weapons with rimmed cartridges and the ·303 calibre.

At that time the countries with which we were most closely associated in our defence were Britain and the United States. We had set up a joint committee on the standardization of weapons. One of the most important weapons to be standardized was the rifle. The aim of all three countries was to achieve a common standard. Certainly, it was the aim of Canada, perhaps more than the other two, and for this reason. Both Britain and the United States have such large needs for weapons of all types that they can get an

economic run of weapons to equip themselves, and then can give or sell the surplus to some other country. Our position is directly the reverse. We cannot get an economic run of almost any weapon. We are a surplus producing country. We must work with the United States or Great Britain, and preferably both. We were, therefore, primarily interested in bringing about standardization.

The Department of National Defence at that time drew up a long list of weapons on which we were prepared to standardize. Very few of those weapons were weapons originally produced in Canada, because we are a nation of 14 million people, at that time 13 million, whereas the United States had 140 million or 150 million and the United Kingdom 45 million. Both of them had extensive connections and supply arrangements with other countries. We were the man in the squeeze. We had to work with one or the other, but preferably both. Our life would be much easier if both could come together, and we worked for that. At one time we thought the ·300 calibre rifle, not necessarily the present Garand of the United States, but a ·300 calibre would be adopted by all countries concerned. A team was set up by the three countries to look into the various possibilities. Our hope still was that they would agree, that the two would agree. It did not much concern us what the course was as long as there was agreement. That was our primary consideration, and it looked to us as if we would standardize on the ·300 calibre. So I said at Detroit:

> A great step forward would be the adoption by the friendly powers of the rimless cartridge and the ·300 calibre.

In talking about the rimless cartridge, I was not talking out of turn because since 1912 the war office in Britain has had the intention of adopting the rimless cartridge. The one thing which prevented that being brought about was the fact that at no stage did they have less than several hundred thousand rifles equipped to fire the rimmed cartridge, and at no stage did they have less than several hundred million rounds of ammunition for that rifle. They were not in a position to throw the ·303 rimmed cartridges and rifles into the sea, so they had to keep on with them. To make a transfer of this kind is difficult, and very expensive.

Then I went on to state:

> We in Canada have decided to take that step . . .

That is, to standardize on the ·300 calibre. That was what we thought would be adopted as a common standard at that time.

> . . . but bringing it about is again a difficult matter because we have some hundreds of thousands of perfectly useful weapons with rimmed cartridges and the ·303 calibre.

As a matter of fact, the number of rifles we had of the 303 calibre of Mark IV type was closer to 300,000 than 200,000. Were we to throw these into the sea, give them away or sell them? No, we kept them and we did not start manufacturing because there was no agreement on any common standard, or on a common calibre. It was a matter of the greatest possible regret that there was no agreement. There is no agreement yet.

Mr. Low: Does it look as if it is going to be impossible to get that agreement?

Mr. Claxton: Well, sir, I cannot say. It has been announced in the press that the British have adopted the ·280; that has not been accepted by the United States. I cannot go beyond that. Since we have decided, and I think properly decided, to give arms and ammunition for three divisions to Europe, including rifles, and replace it with equipment of United States type, then it means that we have decided, not right across the board but generally, to adopt American standards so that as far as possible our equipment will conform to North American industrial practice.

My colleague the Minister of Defence Production said today that there is no production of the ·300 calibre rifle and machine gun, because that is not a standard weapon at this time. That is completely correct. We have not begun to produce this weapon in Canada, because it is not a standard weapon, and also because to tool up for it would not be justified unless it was a standard weapon. Our own needs would not justify the cost of tooling up for the production of this weapon. We can buy them for far less money, even taking into account the exchange difficulties, from the United States without tooling up for production, so unless we can tool up for a production far greater than that necessary to meet our own needs—

Mr. Blackmore: May I ask what the cost of tooling up would be?

Mr. Claxton: I have not that information. That is a matter for the Minister of Defence Production. It would be a large sum.

Mr. Pearkes: It is a standard calibre with the United States army.

Mr. Claxton: Right.

Mr. Pearkes: Where it is a standard calibre, could it not be standard in Canada?

Mr. Claxton: Yes, with agreement between the United Kingdom and the United States. Then the Minister of Defence Production went on and said, until the decision is made as to what will be the standard weapon to

produce in Canada we will have no orders for ·300 calibre guns. I have explained why that is so. We can buy from the United States—if they do not change their calibre and do not change their type of weapons—weapons to equip our forces with three divisions equipment, far cheaper than we can produce them in Canada unless the weapon is made standard in some countries other than in Canada and the United States.

Mr. Low: Whom we could supply.

Mr. Claxton: Whom we could supply; because obviously the United States is not going to buy rifles from us.

Mr. Brooks: When can they supply us?

Mr. Claxton: Within a matter of the next two or three weeks supply will be beginning. If we had tooled up for the production of either the ·300 or the ·280, we would have been out of step with one country or the other. Meanwhile we had between 250,000 and 300,000 ·303 rifles that were just about as good, as I said. Why should we tool up and begin on production until we had explored every possible avenue of bringing the two countries together so as to have a common standard? That is the story. As I say, we now have somewhere between 250,000 and 300,000 ·303 rifles in good shape, ready to fire, ready to shoot; and if our forces had to go into action tomorrow they would be equipped with ·303 rifles. So would the British. So would the Dutch. So would the Belgians. So would the Italians but not the Americans. But in a year and a half from now or something like that the British will have the ·280 and that no doubt will be made uniform with the Belgians. Meanwhile if we go into action we would always be fighting with both the British and the Americans, on the same front, organized with possibly separate supply lines. So long as we fight on the same front with the British and the Americans the difficulties of supply will not be great. But it would be infinitely better if the British and the Americans would get together and that is what we have been trying to achieve. If we had followed any other course than the one we have adopted, we would have been wasting the public's money.

Mr. Drew: The statement by the Minister of National Defence constitutes an argument against a decision at this time. But it does not answer the question as to whether the statement made—and a very positive statement—by the deputy minister of national defence was accurate. The statement he made was consistent with the statement made much earlier by the Minister of National Defence and I might say that what he has read does not in any way suggest that the press report was incorrect because, referring to the ·303 calibre small arms, the exact words he has quoted from the text of the speech he made at that time were: We in Canada have decided to take that step. Evidently there were qualifications that followed and those qualifications are put before us today.

The minister says that we would not want to find ourselves out of step with one of the great nations with which we are associated. As it is we are going to be out of step with both of them. The United States has made its decision. It is going to use the ·300 calibre. The United Kingdom has made its decision; it is going to use the ·280 calibre. I think that all of us will agree with the minister that it is most regrettable that the United Kingdom and the United States have not agreed. But again without referring to the exact words but—and, I am sure, doing so correctly—paraphrasing what the deputy minister of national defence said before the committee on the same day to which I have referred, the deputy minister explained why the decision had been made. He explained that we are next door to the United States, that our industrial standards are similar to theirs, that the industrial flow in this country goes side by side with theirs and therefore it was reasonable for us to make the decision to adopt their standards. The explanation related to a decision that had already been made. I am pointing out at this time that we have conflicting statements before us and that those statements should be resolved. It is not enough for the members of this committee to be left to guess as to who makes correct statements and at what time. It is not for us to guess about a statement of the Minister of National Defence in 1949 on qualifications that were never fulfilled; nor is it for us to guess that there were some reservations which did not appear in any statement made when the deputy minister of national defence, taking great care to inform himself before giving any answer, gave a statement to this effect as recently as May 1.

The Minister of National Defence has placed some emphasis upon the fact that we can hardly yet make this decision. But I was under the impression that just a short time ago he had indicated that we had made a decision to the extent of buying equipment from the United States. I think we should know whether any ·300 calibre weapons have been purchased from the United States or, if not yet purchased, whether they are on order or whether an order is contemplated.

Mr. Claxton: I thought I had made the position just as plain as it could be made for the understanding of any reasonable being.

The fact is this, and I will repeat the whole thing again if necessary. The Minister of Defence Production was referring to production. He said: Until a decision is made as to what will be the standard weapon to produce in Canada, we will have no orders for the ·300 calibre gun. I said that and he said that. I say it again. And I will say it again and again, and he will say it again. There is no inconsistency. Unless we can have a line built up and a demand built up to justify the production of rifles by the 50,000 or the 100,000, there is no point in our doing it in Canada. We will get them from the United States, as I said. And as I said, we have arranged with the United States to get the ·300 calibre rifle. If they change, then we will have to look at the situation again. What could be plainer?

Mr. Drew: The answer has not been given to the question as to whether we are in fact buying ·300 calibre rifles.

Mr. Claxton: Of course we are.

Mr. Drew: We are?

Mr. Claxton: Of course.

Mr. Drew: Are those going to be orphans?

Mr. Claxton: No, not at all. I do not see how the leader of the opposition can feel that he could possibly raise such a question at this time. We are trying to standardize with the United States. We get the equipment for three divisions from the United States or make it in Canada. That part of it which it is economical to make in Canada, we make in Canada. So far, because the ·300 calibre is not standardized with any country except the United States, we do not think it is economical to make it in Canada. However, if the United States should, in the middle of the transfer of this three divisions' equipment, change the pattern of its rifle, we would stop the flow of the ·300 calibre rifle to Canada and take the new one. In the meantime, we have lots of rifles of ·303 pattern exactly identical with those with which the British, the Netherlands, the Belgians and the Italians would have to fight, as well as all the countries of the commonwealth at the present time. What other course can we follow? It takes about eighteen months to do one of these operations, to change the pattern of a rifle.

Mr. Johnston: We are still producing the ·303?

Mr. Claxton: We are not making any ·303's. We have more than we need, much more than we need. We are transferring them to Europe.

To make this kind of change takes time, sometimes a few years. As I said, the British war office decided on the rimless cartridge in 1912, and now for the first time it has decided to bring it about. Why? Because they always had such tremendous stocks of rimmed cartridges. This is very obvious. If there is any misunderstanding left I will be very glad to hear about it.

Mr. Drew: The minister has now indicated that we are buying the ·300 calibre weapons for our three divisions. I will assume from what he has said, and from what has been indicated before, this equipment is what is intended to be the service equipment. If that is so, then is there any thought that we will be manufacturing rifles or machine guns of any other calibre than that which we are purchasing of this scale for the service units?

Mr. Claxton: No.

Mr. Drew: If that is so, I would point out—

Mr. Claxton: I beg your pardon. As regards machine guns I am not too sure, because we have found the Sten gun to be exceedingly useful and we may continue to produce that if it becomes desirable because of any shortage of stocks. We hope that other countries will adopt it. It is a very cheap kind of gun to make and very effective at short range, and we think there is a real military need for it. There may be exceptions of that kind, but let us stick to rifles.

Mr. Drew: No; I think the minister will agree with me that distinction is drawn between the Sten and the machine guns of the same calibre as the service rifle, and that is standard practice with all arms, whatever their calibre is.

The Sten is correctly described as a sub-machine gun; is that not correct?

Mr. Claxton: Right.

Mr. Drew: And a distinction is drawn between machine guns and sub-machine guns. I was referring to machine guns because the ammunition supply is the same for both machine guns and the rifles. I would point out that this concern about manufacturing for our own demands is not consistent with the attitude this country has adopted in the past. This country first started to manufacture its own rifles before 1910, and some of the machinery which was used to make rifles and machine guns in this country during the war was machinery that was continuously in this country from that time.

Mr. Claxton: Right.

Mr. Drew: During the last war we set up plants and I understand that most of the rifles that are here now are rifles that were made in Canada, and for that reason it seems

rather strange that at the time, after all these years of being prepared to make our own weapons, we should be so concerned now about embarking on the production of our own equipment.

I do raise some question about the fact that it would take a year and a half to produce a ·300 calibre rifle, because the machine tools are standard tools very largely, except for the tools which bore the internal diameter of the tube, and the other designs. If they are using a rifle that is of standard pattern in the United States the designs and patterns are ones that could be brought here for that purpose.

Now, Mr. Chairman, I think that the members of this committee have reason to review with some care what has been taking place in regard to the public accounts committee, because undoubtedly an impression was conveyed there—and I am sure, conveyed in complete good faith—which is certainly contrary to that now placed before this committee. I would point out that the reason these questions are following in regard to the production of weapons is that this question was raised before dinner—not by me—and the discussion took place. The Minister of Defence Production gave explanations, and it seems logical that we should follow this through to the rational point. I should like to ask the Minister of National Defence what is being produced in the way of military equipment at the small arms arsenal at Toronto at this time.

Mr. Claxton: That is a matter for the Minister of Defence Production when his own estimates come up. I should like to give a further answer to the hon. leader of the opposition and say that from my recollection —no doubt I am giving another military secret—perhaps for three divisions some 20,000 rifles might be required. During the second world war we produced rifles by the hundred thousand. To tool up for a production of 20,000 is far more expensive than to buy them from the United States—I mean by "far" very much more expensive.

Then, I did not say it would take a year and a half to produce the equipment from the manufacturing point of view; but to effect any changeover, given the present circumstances, we will be in the situation where Britain, the countries of Europe and ourselves will have part American and part British and part other type equipment for some period of time. We have done more than any country on the face of the earth to end that situation. We have not succeeded, but because we have not succeeded we do not see why we should be blamed. We have done our utmost, and we would like very much to be in a position to use some of our resources for the production of arms and weapons for other countries. We thought the most effective way we could do this would be to give equipment to the value of about one hundred and fifty million dollars to other countries and replace it and accelerate the job of standardization so that on the other side of the ocean they would have British type equipment; on this side we would have American type equipment; in between we are going to be a bit mixed up. Of course we know that is inevitable, but this course will speed the kind of operation which has never happened before in the history of the world and we hope it may be successful in bringing about some acceptance of common standards by other nations. We have made our way very plain, and I do not see what else we can do. There has not been any suggestion here that we should have taken any other course. I have discussed this around the table with the North Atlantic treaty nations. They think it is right. They are glad to get our equipment, and they think it is a good thing for them to standardize all equipment of the type which they got either from the British, from ourselves or from others after the end of the second world war; whereas we go on with the United States type. It all seems to make sense to them and to us.

Mr. Green: Has France adopted the British standard?

Mr. Claxton: No. I must say on this question of standards it has already been indicated by the Minister of Defence Production that one weapon, the 3-inch 50-calibre naval gun, has been adopted by the British, by the Americans and by ourselves. It is an American gun. It is a very complicated and difficult gun to make. I was told—I do not know whether it is true—that it takes 7½ tons of blueprints. There are other common types. We had mortars and some anti-tank weapons. Already they are common to all countries. There will be more. This thing will grow. It is developing; and I think we are going to be more in line with both the British and the Americans than any country —so long as we fight together—so that we will not have much difficulty. And when I refer to fighting together I mean fighting alongside each other—and it is inconceivable that in the event of war that should not happen. In such event we will not have much difficulty about supplies.

Mr. Drew: The minister did not answer the question I asked, but he did raise a point which he said had come to his attention after he sat down, and that was that the total number of rifles required for three divisions

would probably be 20,000. I would point out that that might leave a most misleading impression—and I do not mean intentionally. It might mislead members as to the number of rifles which would be required. Three divisions do not require 20,000 rifles: three divisions require a great many more than that, if those three divisions are going to be in the field.

The minister shakes his head, but I point out that for every man who is in a serving unit there are a great many men training, and that those men in training need the same type of equipment, if they are to produce satisfactory results.

Mr. Claxton: Quite right.

Mr. Drew: If you are going to have 20,000 rifle strength in three divisions—and I grant it might be debatable as to what the exact amount would be—I should think a minimum of 100,000 rifles would be required, and probably more.

As the minister has already said, we had in excess of half a million rifles in this country after the end of the war. While we had three divisions in formations, we had at the most five divisions overseas. That gives some indication as to the number of rifles required in relation to the actual operational strength. So I suggest we should not in any way have our minds fixed on a figure of the rifles actually needed for the divisions, but on the total number that would be required for an integrated training program which would be capable of producing those divisions in the field.

I did ask a question which apparently escaped the minister's mind when he turned to the statement he made in regard to rifles. I asked what was being produced in the way of military equipment at the small arms arsenal in Toronto at the present time. The minister did say that the Minister of Defence Production could give that figure; but I am sure he could tell us whether they are making service rifles or Sten guns.

Mr. Claxton: No service rifles; no Sten guns. We have lots of them.

Mr. Drew: Without attempting to give exact numbers, would the minister say whether they are making service rifles, machine guns, sub-machine guns, or any weapons of that kind, including mortars, anti-tank rifles or anything of that nature, at the arsenal?

Mr. Claxton: I do not think so. I doubt it very much. But that is a question for the Minister of Defence Production to answer. Except for mortars, and two or three types of weapons which are very new, we have ample stocks to meet all our needs. What is going on is mostly by way of modification.

The Deputy Chairman: I would remind the committee that we are considering civil salaries and wages.

Mr. Pearkes: Regarding inspection services, which come under the civil service, I notice that in the annual report it states that inspection services contain well-equipped laboratories. Are they different from the laboratories maintained by the defence research and development board?

Mr. Claxton: Yes.

Mr. Pearkes: And which are completely separate. Is there any overlapping there?

Mr. Claxton: None at all. But defence research will be brought in by inspection services to advise them as to a particular method of testing, or a new technique or new equipment. But most of the laboratories which are used by inspection services are for the testing of leather, metals, clothing, electronic equipment, et cetera, to make sure that their performances and standards are adequate. They are not for the purpose of research.

Mr. Pearkes: Are there any of these inspectors, in those laboratories or elsewhere, considering the manufacture or the methods of inspection required in connection with, let us say, rimless ammunition? They would have to go out of the country to do that, no doubt.

Mr. Claxton: All the people engaged in defence are in consultation with each other, through interlocking directorates and committees. But the job of inspection services is primarily to make sure that articles supplied by manufacturers, on orders from the Department of Defence Production, meet specifications. If they find that the method of production is uneconomic they will report back.

Mr. Pearkes: Do they carry out any inspection work in the United States at factories making material which we might make very shortly? What I am trying to get at is this: if we are likely to adopt this rifle, is not the time now ripe for these inspectors who would have to give the advice to be down there, finding out how these rifles are made, and finding out how the ammunition is made?

Mr. Claxton: That would not be done by inspection services. That would be done by defence research, working together with the proper personnel of the armed service concerned. We have teams in the United States watching the development of their weapons,

just as they have teams in Canada watching the development of those we are producing. They work together and exchange views. We have a completely reciprocal service with regard to inspection.

Mr. Green: Would it be possible for Canada to manufacture these American type rifles, or are there some rights or restrictions which would interfere with their being manufactured here?

Mr. Claxton: No, none at all.

Mr. Green: None at all? I understand that, if we chose to do it, we could go ahead with it. Could we?

Mr. Claxton: So far I have known of no difficulty in that connection either by United States service authorities or the United States government. When it has been found to be sound economy for us to manufacture a thing in Canada, we have never failed to secure the right to do so.

Mr. Green: Would we be manufacturing ammunition for this rifle, or would it have to be purchased in the United States, as well?

Mr. Claxton: It would depend on the quantity. Certainly when we get the ·300 calibre rifle into Canada we will be making ·300 calibre ammunition in very short order.

The Deputy Chairman: May I ask hon. members to follow the agreed procedure, and to confine their questions to the details respecting civil salaries and wages.

Mr. Wright: I should like to ask a question along the lines of one already asked. Are the people employed as inspectors from civilian or military personnel?

Mr. Claxton: They are both. To a greater degree than ever before they have integrated the service and civilian personnel. We have on the inspection board at quite high levels, as well as at intermediate levels, service personnel from the army, the navy and the air force. To a greater degree than ever we have in the Department of Defence Production working with civilians who are doing the procurement of products for the defence forces, service personnel covering quite a wide range of interests and experience. So far as possible we fit into civilian production methods so that the civilians will know what we want, in advance, and vice versa.

Mr. Wright: How many of these personnel are engaged in inspection work in civilian plants?

Mr. Claxton: I am afraid I have not a note of it. My recollection is that at Malton, for example, where we are producing the CF-100 Canuck aircraft, there is a total air force personnel of 35 plus probably 100 civilian inspectors who represent us.

Mr. Wright: Is that in all the different plants?

Mr. Claxton: No, that would be just that one.

Mr. Wright: Can the minister indicate the total number of inspectors doing this type of work?

Mr. Claxton: The total civilian staff in the inspection service is 727 and in addition I would estimate there would be probably 50 service personnel.

Mr. Noseworthy: Can the minister give a break-down of civilian salaries and wages amounting to $3,400,000 and indicate what is involved there?

Mr. Claxton: The minister's office, 33, $90,317, an increase of one over last year. Deputy minister, 44, $175,403. Civilian personnel, 100, $227,925. Central registry—this is for all three services—145, a reduction of more than 50 per cent through unification, $305,136. Printing and stationery, 50, $114,042. Auditing, 45, $136,521. Judge advocate general, 22, $45,980. Public relations, 18, $50,457. Inspection service, 727, $1,956,031. Library, 6, $16,980; we have now one single library for all three services. Civilian defence co-ordinator, 80, $271,702.

Mr. Drew: Those figures are just for headquarters, but I have a specific question I should like to ask. Can the minister give a list of the civilians attached to the following branches of the army, and also the total pay?

A. Civilians at the pay record office.

B. Civilians at headquarters. I assume the answer the minister has already given will cover this.

C. Civilians attached to regimental units, armouries and other establishments of that nature.

D. Civilians employed in connection with recruiting, welfare and associated activities.

E. Civilians at hospitals and medical establishments.

F. Civilians at military schools and training establishments.

G. Civilians at army educational establishments.

H. Civilians at Army Service Corps, veterinary and replacement establishments.

J. Civilians employed in connection with railways and inland water transport in any way connected with military activities.

K. Civilians at ordnance establishments.

L. Civilians at RCEME establishments.

M. Civilian staffs for works engineers and land services.

N. Civilians attached to the provost corps.

I am asking the minister to give under these heads the number of civilians employed, the nature of the employment such as is given in the estimates of other departments of government, and the total pay.

Mr. Claxton: The hon. member is asking about the army and we are still under administration. I do not think it would be a bad thing if every now and then we conformed with the arrangement arrived at in this committee. The hon. member knows something about the armed forces, and I think he realizes that he has chosen an arrangement which could not be arrived at and told to the committee without going into individual files. It does not happen to conform to the arrangement of the estimates as laid down by the comptroller of the treasury and the Auditor General. Our estimates are arranged in exactly the same way as those of other government departments and in accordance with the directions of the Auditor General and the recommendations of the committee on public accounts.

The hon. member is asking about headquarters, regimental establishments, recruiting, welfare, hospital, medical establishments, military schools, educational establishments, army service corps, veterinary corps—I do not think we have one any more—post office, railways, inland transport and so on. I suggest that the easiest way for us to proceed is to take up the matters which are before us in the order in which they are laid out. If I cannot answer any questions on that basis then I shall get the answers. If it is really important for the information of this committee and the country that we should rearrange our accounts, then we will go back to the Auditor General and the comptroller of the treasury and see how we can do it. Until then I am subject to your direction.

The Deputy Chairman: May I ask the minister if it is his contention that the question asked by the leader of the opposition should have been asked under "civilian salaries and wages", of the heading "Army"?

Mr. Drew: I am asking it under civilian salaries and wages. I have asked the question in regard to the army and I will ask the same question in regard to the navy and in regard to the air force, all of which comes under administration and all of which I state definitely comes under civilian salaries and wages. We are not able to tell at what point the division comes, and surely this would be the place where we could best get that information.

Mr. Claxton: The item we are dealing with is administration and I have already given the break-down of the allocation of civilian salaries under that item. I do not know what more I can do to answer the hon. member under that item. Then if he wants to ask a similar question under each successive service I will be glad to give the same information.

Mr. Drew: I assure the minister that I shall ask the same question. I had thought it might be more convenient to bring them all together at this time, but if the minister prefers it otherwise then I shall certainly ask that question at each point. If the minister does not think the headings I have suggested are the most appropriate, then I simply suggest that for the purposes of convenience he adopt headings more satisfactory to himself. My only concern is that they be headings which adequately embrace the different categories of civilians employed in that way.

Mr. Claxton: We are in complete agreement on that.

Mr. Pearkes: I think it would help the committee if we had it quite clear that this amount is for civilians employed at headquarters here in Ottawa.

Mr. Claxton: And the civil defence and inspection services right across the country. As to headquarters, it is only that part of the civilian staff applicable to headquarters itself. As we look through the items later it will be found that there are civilian salaries under navy, army and air force, and they are not included here. These are the civil employees applicable to headquarters, with a total of $3,489,842 which I gave in answer to an earlier question. That includes under headquarters the civilian employees of the judge advocate general, public relations, inspection services and civil defence co-ordinator, all which report to headquarters.

Mr. Pearkes: Would that include the civilians employed on the clerical staff at naval headquarters?

Mr. Claxton: Not those under navy, army or air force; only those under the department, at headquarters itself.

Mr. McLure: I should like to ask a question which is not so intricate as some that have been asked, but concerning a matter on which I should like some information. I have hunted through the details of the estimates and cannot find what I want. The question arises out of the answer to a question I asked a year ago with regard to the naval barracks and armouries being built in my province, at Charlottetown.

The Deputy Chairman: Order. If we are to proceed in an orderly manner I am afraid I will have to ask the hon. member to ask his question at another time. This item covers civil salaries and wages, on page 269.

Mr. McLure: This is on the same page and under the same heading.

The Deputy Chairman: Would the hon. member please resume his seat. I am trying to tell him that we are now discussing civil salaries and wages, and while that discussion is being carried on we cannot discuss naval barracks. Once this discussion is terminated we will move to professional and special services. The procedure agreed on this afternoon is that we are to study each detailed sum as it appears under the heading, first, of departmental administration including inspection services and civil defence. Under this heading we are now studying civil salaries and wages. Later the hon. member will have an opportunity to discuss barracks.

Mr. McLure: Under what heading was the manufacture of guns and ammunition discussed a few moments ago?

The Deputy Chairman: I was not in the chair when the discussion started but I read the unrevised copy of *Hansard* covering the half hour before six o'clock in order to ascertain how the discussion had commenced. I may tell the hon. member that it arose from a question asked by the hon. member for Nanaimo in connection with inspection services. At one point the hon. member asked if inspection services were carried on at the dominion arsenal at Longueuil, and since the Minister of Defence Production was here he gave an explanation. That is how it started, and that discussion was finalized a few moments ago. We are now on civil salaries and wages. Has the discussion terminated on that item?

Mr. McLure: If a mistake was made before six o'clock in not following the procedure that was laid down, why not make another mistake now? I am going to get the answers anyway.

The Deputy Chairman: I would be glad to accommodate the hon. member, but even if one mistake was made I do not intend to be a party to another.

Mr. Noseworthy: I notice that altogether there is something over $50 million for civil salaries and wages scattered through these national defence estimates. Would it be possible for the minister to provide us with a mimeographed sheet of some kind that would give us the sort of break-down he gave me for the item of $3,489,842? I would like to know, for instance, the scale of those salaries, what are some of the higher salaries and what are some of the lower ones. Are these people civil servants, permanent or temporary, or are they not in the civil service?

Mr. Claxton: The department employs civilians in a number of different categories; first, permanent civil servants; second, temporary civil servants, in exactly the same way as every other department of the government. They get corresponding salaries, and they received the increase which was made applicable on December 1, 1950. Then the department employs a very considerable number of prevailing rate employees, largely in the dockyards at Halifax and Esquimalt, and also in the shops of RCEME and the ordnance corps. In connection with those employees the practice is to pay the rate decided by the Department of Labour to be the rate prevailing in that locality for equivalent work. We observe that rule very closely. In consequence we pay the civilians working in the department, who are not civil servants but who are prevailing rate employees, the rates paid for equivalent work in the locality, as determined by the Department of Labour.

Mr. Noseworthy: Are some of those salaried employees who are not civil servants being paid at prevailing salaries?

Mr. Claxton: No. There are two categories. If a man is on salary then he is a temporary or permanent civil servant. If he is not on salary he is a prevailing rate employee, paid at the rate prevailing in the community.

Mr. Green: Has the department been making any study of the question of national registration? I ask that question because in the report of the national advisory council on manpower there was a recommendation that various departments, I think including the Department of National Defence, should make an immediate and comprehensive study of all aspects of the national registration question.

The Deputy Chairman: Order. Perhaps the hon. member did not hear me a moment ago when I said we were now discussing civil salaries and wages. It may be that the question he is bringing up pertains to this matter, but it would help the committee very much if he would come to his question, because I do not see how he can discuss that matter at this point.

Mr. Green: A survey of that kind would be undertaken by the administrative staff at national defence headquarters, and I submit I am quite in order in asking the question under this item. This item covers, for

example, the deputy minister. I believe that the deputy minister is a member of this manpower council. I submit that I am in order in asking the question on this particular item. I would ask the minister whether that recommendation of the manpower council has been carried out by the Department of National Defence?

Mr. Claxton: What recommendation is it?

Mr. Green: The recommendation reads as follows:

That the department concerned should make an immediate and comprehensive study of all aspects of the national registration question.

Now that included the Department of National Defence. I would ask whether any such study has been made or is being made by the department, and if so the results thereof?

Mr. Claxton: Such a study has been made, of course, and the results will be made known to the body which asked it, that is the advisory board on labour, when it next meets.

Mr. Green: There will be a report on this question of a national registration made to the advisory council on manpower when it meets next week?

Mr. Claxton: Yes.

The Deputy Chairman: May I submit to the hon. member that, in my opinion, this question might more properly have been asked when the general discussion took place. We are now into the detailed study of the estimates, and if we are to follow the procedure agreed upon this afternoon we will have to consider now civil salaries and wages until that detailed sum is disposed of.

Mr. Herridge: Can the minister inform us what numbers of these employees are men and what numbers are women, and if the proposed organization of the women's auxiliary will mean that some of these enlisted women will be utilized for this type of work?

Mr. Claxton: No women whatever. I was too quick in answering there: no women in the armed forces will be utilized for this kind of headquarters work. The object in recruiting women for the air force is to employ them at work such as radar, plotting, electronics, telecommunications and the like. We have no present intention of employing any women in headquarters except for the purpose of administration and instruction.

Mr. Noseworthy: Would the minister consider putting on the record a break-down of these civil salaries and wages similar to the one he gave on the first item about which I asked? If we could have that information on the record before we reach these items, I believe we could examine them more intelligently. It is very easy for the minister to read them out.

Mr. Claxton: Well, I could give the figures. I shall give the sheet to *Hansard* so as to make sure they are correct.

Mr. Noseworthy: My point is whether the minister would consider giving the same figures for the other sections, so that we may have them before us when we reach those parts of the estimates?

Mr. Claxton: No, I think we had better keep to the order of the discussion.

Mr. Noseworthy: There is some $15 million under the navy. Would it be possible to have that on the record before we come to examine this item, so we could have some opportunity of examining the details in advance?

Mr. Drew: Why would it not be convenient to give the salaries of each of the categories, and the number of employees in that category? After all that must be a matter of very simple record, and is a regular procedure. Can that not be given?

Mr. Claxton: Yes, it can be given if the people of Canada want to pay for it. We could give it. There is no security attached to it. We have approximately 30,000 civilian employees in the department today and about 70,000 service personnel. We can give you their names, dates of birth and salaries if you want, but does it serve any useful purpose? I believe what the hon. member for York South would want would be a break-down in respect of the navy, army and air force such as I gave for general administration. We will be glad to have that available as we reach each item.

Mr. Drew: Do I understand that the minister thinks that is not a useful thing, to give the actual salaries opposite the category and the number employed?

Mr. Claxton: They are exactly the same as any other government service. I could read them out, but what advantage it would be to hon. members, I do not know. I could do it here, for example—

Mr. Warren: Whoever reads them?

Mr. Claxton: If we came to the navy, I could easily say we have in the civil staff at Halifax, permanent, 89; temporary, 1,039; prevailing rates, 1,438; new continuing, 60; a total of 2,626. To draw off their actual pay would mean that we would have to draw each man's pay card, because a great number of them are prevailing rate employees, add it

up and put it into shape to put before the committee. How that would help the committee, I do not know.

Mr. Drew: Well, Mr. Chairman, I must confess I am unable to understand the resistance of the minister as to something that is the regular practice in the other departments. Just as an example, let me refer to page 382 of the estimates, resources and development. On that page it starts, departmental administration, and that is what we are considering here. The first item is "One deputy minister and commissioner of the Northwest Territories, $15,000." Then it gives the "assistant deputy minister, planning; assistant deputy minister, administraton; director of administration." Then, you go on down through the whole list in which you have the details. For instance, there are thirteen clerks, grade 4, salaries from $2,568 to $2,904, and then the total is given, $31,227.

Then, a little further on there is another example, "Nine clerks, grade 2A, $1,560-$2,088;" and so on with the rest of the employees of the department. Then, you will find that where there are people employed in this department at casual rates, or at what are described as prevailing rates, they are lumped under the total sum and the number. It is either one of two things; either this book of estimates is brought together on a most inefficient and unnecessarily complicated basis by including these figures for other departments, or else there is some reason for it. It seems to me the reason for it is so the members of this house will have an idea of the salary level of the various categories of civilian employees. No matter what may apply to service employees, civilian employees are in exactly the same category in the Department of National Defence as any other department. Frankly, Mr. Chairman, I find it extremely difficult to believe these figures are not readily available, because I would imagine we would have had a report a long time ago from the Auditor General that the accounts of the Department of National Defence were kept on an entirely different basis than any other department if those figures are not available right now.

Mr. Claxton: I am sorry to have to assure the hon. leader of the opposition that, from the information which I have at this stage, those figures are not available right now. We made up our estimate and kept our accounts in accordance with the directions of the Auditor General, and those figures have not been included.

Now, he has referred to page 282 of the estimates where there is a reference to 63 employees. If we are going to do that for the Department of National Defence, with 30,000 civilian employees, it will run to an awful lot of paper and it will not do anyone very much good. If that had been desired, it might have been indicated before, and then could have been considered. But the estimates have been made up in the form in which they have following the recommendations of the public accounts committee and the Auditor General last year; that is the form in which we have the material available. I shall be glad to give hon. members any information that is before me, and I shall be glad to get any information that they think it desirable to place before the committee. But I do suggest it is very desirable that we should consider the cost of obtaining this, and the advantages that might result.

Mr. Drew: Mr. Chairman, the Minister of National Defence is really creating bogeys that do not exist. I have in my hand the army estimates for the present year for the United Kingdom. At page 72 of those army estimates I find, for instance, "civilians attached to regimental units." That is only one group, and that amounts to 5,438. It is not just a handful of people. In each case it gives the salary level; it gives the number and gives the total. I might say that that total, being 5,438, with the designation, the salaries and the totals, is all contained on one page of this book. When we are told that this would entail such a prohibitive cost and would be so difficult, I would only say that the minister would be following the practice that is well established, to which we have referred on numerous occasions and one which I am satisfied their records would now give, without any complicated detail.

Mr. Warren: Does it give their telephone numbers?

Mr. Drew: I shall not say what I intended to say.

The Deputy Chairman: Order.

Mr. Ross (Souris): I do not think the hon. member could handle them.

Mr. Drew: All through this book the same practice is followed. For instance, on the preceding page, there is given "civilians at command headquarters and other headquarters establishments, 17,350." There again you have the salary levels, the number, and the total; and in those cases whether they are employing people at current levels as the minister did, they give it in that way in a bulk figure.

Mr. Warren: We do not want it.

Mr. Fulton: Our own Post Office Department does it, at page 331; there are 17,000 employees.

Mr. Drew: Yes. To come to our own estimates, at page 330, under the post office, we find there a total of 15,495; and above that you will see the details of salaries given, except where there is simply one official or again where they are indicated at prevailing rates as in the case of some of the employees of this department.

Mr. Green: And approximately 17,000 on the next page.

Mr. Drew: Then on the next page—and I mention this just to show that it is not dealing with handfuls of men—under the post office again, there is given a figure of 17,638, with the details and the salaries, and the total of approximately $54 million.

With this practice so clearly established, it is difficult to credit the fact that the accounting method is such that this information cannot be given to this committee in some similar form; and I think it should be given. I suggest right now that instead of having the resistance that there is to giving information, it should be seen by this time how much more rapidly we would proceed if the minister would agree to follow the practice adopted in other departments and in the United Kingdom, and would take the lists that are available, have them prepared, and made available to us here. Then we can proceed to discuss this matter with knowledge of the facts before us.

The Minister of National Defence used glowing terms with regard to our attempts at standardization—and I only use this as an illustration—when he said that no nation in the world had done so much as we had done. The only way we have done that is to do nothing, in this particular case, evidently. But we are told that we can get the details of this department and that this department gives more information than any other. I must say that so far as I can see the answer is that this department is best because it does nothing to give us the information; the other departments do. This information is valuable or it is not. If the minister's contention is right and this information is not valuable, then it condemns every other department that takes the trouble to give us these details.

Mr. Noseworthy: Mr. Chairman, when I asked for that information, I had no intention of asking the minister to do what he suggests he would have to do, namely to go back to these plants where men are employed and pull their time cards to find out what they were being paid. What I was asking is that before we vote for five items amounting to $50 million, we be given something more than just a statement "civil salaries and wages" repeated five times, and amounting to over $50 million in this one department's estimates. I think we should have at least something approximating the information that we have in the other departments here or that we should have some idea where these people are going, what salaries they are getting, whether they are civil servants and what proportion are civil servants. The minister wants to know what good that would be to the Canadian public. I would think the Canadian public would want some knowledge of how an item of this size, namely $1,400 million, is spent. I think some detail would be of interest to the Canadian public, even if the minister thinks it is not of interest to us here in the house.

Mr. Claxton: I shall be glad to give the hon. member the information which I understand he wants as we come to each item. But to give it now, and put it on *Hansard*, I think would be anticipating the progress we hope to make.

Mr. Noseworthy: If we could have something of that kind, either before us or on *Hansard*, instead of having to sit here and try to catch what the minister is saying as he reads these figures off, it would help us to study the matter intelligently.

Mr. Knowles: May I just say one word in connection with this matter. Reference has been made to the form in which these details are given in connection with the other departments of government. I should like to point out that the book of estimates this year is considerably larger than it was last year. One reason is that more detail has been given, in keeping with suggestions made in the public accounts committee and here in the House of Commons. For example, greater detail is given as to the break-down between temporary and permanent employees. It seems to me that last year we did not ask that the one general item for civil salaries and wages in the Department of National Defence be broken down in the same way. Bearing in mind the fact that requests in former years with respect to the form of the estimates have been met to a considerable extent, I express the hope—without prejudice to the request that we get information this year—that next year, when the estimates are brought down, the Department of National Defence will bring down its information with regard to civil salaries and wages in the same way as do the other departments.

As the leader of the opposition has already pointed out, the number of civilian employees in the Department of National Defence does not differ greatly from the number employed by the Post Office Department. The total amount spent for civil salaries and wages in the Post Office Department is $52,860,461. The total amount spent for civil salaries and wages in the Department of National Defence is $58,024,590. Those two figures are comparable in magnitude. In the case of the Post Office Department we get a break-down in the back of the book of estimates. My plea is that next year the estimates for the Department of National Defence be broken down in the same way with respect to details in the back of the book.

Mr. Claxton: I think we are moving towards this, Mr. Chairman. As hon. members will observe, it has been possible to increase the detail each year as post-war organization has developed. Certainly I gave instructions this year that we should do everything possible to give all the information we can and to conform completely with the recommendations of the Auditor General. That has been done with regard to all categories of defence expenditures, in the same way as the categories for the expenditures of all other government departments. They have the same class numbers and they are given under the same heads. If in addition it is desired that we should give details of each group of employees, we will certainly be more in a position to do that than ever before, because the development which has been planned has occurred, and I shall be glad to consider it and discuss with the officials of the department, treasury and the government, what can be done to meet the hon. member.

Mr. Harkness: I have suggested to the minister in each of the last three years the desirability of putting forward the estimates of this department in the same form as they are put forward in every department, and in the same form in which they were put forward in this department up until I think 1947. The discussion we have had for the last half hour or more indicates I think the fact that if the estimates of this department were put in the same form as other departments we would have saved a great deal of time here in the house. It would be unnecessary to ask a lot of these questions as to how many employees there are in the administrative branch, such as the item we are considering. The whole thing would be there in front of us. There would be no necessity to ask questions about it. We would save a great deal of time in the house and greatly facilitate the examination of the estimates, and also the speed with which we might get through. I would certainly again recommend very strongly to the minister that when the estimates for next year are brought down the same form be used as was used in these estimates before, and the same form in which they are brought down by other departments.

The Deputy Chairman: Is the discussion on civil salaries and wages terminated?

Mr. Drew: No.

Mr. Pearkes: Can the minister tell us how many deputy ministers there are in this department and what are their salaries?

Mr. Claxton: There is only one deputy minister, and that is the deputy minister of national defence. His salary is $15,000. There are two associate deputy ministers at $10,000 each.

Mr. Pearkes: Is there any other officer under this heading who is drawing a salary of $10,000? For instance, is there a controller of the inspection services? If so, what is his salary?

Mr. Claxton: His salary is $8,500.

Mr. Pearkes: And the associate deputy ministers?

Mr. Claxton: I gave those.

Mr. Fulton: Has the minister given the assistant deputy minister?

Mr. Claxton: No, I have not.

Mr. Fulton: There are both assistants and associates, are there not?

Mr. Claxton: There is one assistant who gets $8,000.

Mr. Pearkes: Having dealt with that, how many special advisers has the minister?

Mr. Claxton: None. I beg pardon, yes. Engineer Rear Admiral Stephens, on labour questions particularly. Engineer Rear Admiral Stephens is a retired naval officer and his salary is $10,000. But he receives that in lieu of a pension of something like $6,000 plus; therefore he works for about $3,500.

Mr. Pearkes: Would General Worthington be considered a special adviser?

Mr. Claxton: No; he is now transferred to my colleague the Minister of National Health and Welfare, and his salary is similarly fixed at $10,000, but he has not the advantage of both his pension and his salary, so he likewise is doing his present full time service for a supplementary income of something in the neighbourhood of $3,500 or $4,000.

Mr. Pearkes: Since this item covers civil defence, would not his salary be included in this item?

Mr. Claxton: Yes, that is right, and we will transfer to the Department of National Health and Welfare the money necessary to meet their expenses on civil defence which has been provided for in these items.

Mr. Hees: The hon. member for Calgary East has just pointed out that for the last several years he has asked the minister each year if he would not the following year bring down his estimates in the same form as they were brought down I believe up to 1947, and in the same form as other departments see fit to bring them down here. I have been here only one year, but last year I heard the hon. member for Calgary East pose this question to the minister. I think there was some kind of assurance, vague though it may have been, that that would be done. It seems that nothing has been done in the meantime. I think many hon. members have expressed the opinion before that if this were done a great deal of discussion would not have been necessary tonight.

The hon. member for Calgary East has again asked the minister the direct question: will the minister next year see to it that his estimates are brought down in the same form as other departments, and in the same form as I believe the department brought down the estimates prior to 1947? He did not see fit to give an answer. I would be very interested to hear from the minister a direct answer to that question.

Mr. Claxton: No, sir, I cannot give an answer because the form of the estimates is entirely a matter for the Department of Finance, and the form in which our estimates are presented is not the result of my machinations, I can assure the hon. member, but is the result of the work of the Department of Finance, the comptroller of the treasury and the Auditor General. They indicate to us the form in which our estimates should be put and we put them in the form in which they want them. Now, I have no doubt they will read the discussion in *Hansard* and will take account of the hon. gentleman's question.

Mr. Hees: Mr. Chairman,—

The Deputy Chairman: The hon. member for Kamloops.

Mr. Fulton: I wish to go back to the question of the associate deputy minister, but perhaps there is more discussion on this question of the form of the estimates.

The Deputy Chairman: Yes, but I should like to observe that the previous point was somewhat out of order. We are not going to discuss the method by which the estimates are to be presented next year. In my humble view that suggestion has been made by some of the members to the minister who has replied to the hon. member for Winnipeg North Centre, and he has also given a reply to the hon. member for Broadview on the same question, and he has given a reply to the hon. member for Calgary East. Perhaps his reply is not that which the hon. member would wish, but nevertheless it is the reply of the minister, and he has indicated that that is the reply at least three times. I would suggest to the hon. members that we should carry on and discuss civil salaries and wages, which are relevant to the item.

Mr. Drew: According to my recollections, Mr. Chairman, the Minister of National Defence said that his department did not keep those records in a way that would make it possible to give this information without costing the people of Canada a great deal of money.

Mr. Warren: That is correct.

Mr. Drew: I have before me the last copy of the public accounts, and at page N-49 there is a list of the civil employees of the Department of National Defence. It gives the names and the salaries. There is no suggestion that this is in any way inconsistent with the practice of the department. On the contrary, it is put forward as a regular matter of record by the Auditor General. We see that for the year that was covered by these accounts it gives the deputy minister's salary as $12,000; it gives the controller general of inspection services, the official to whom the hon. member for Nanaimo referred, at $12,000; it gives the assistant deputy minister at $10,000, and then it goes on with lists of names, with the salaries of each one, and that goes on for several pages. This is not a case of saying we have heard enough answers. We have heard enough answers to know that we need another answer, and that is why it is not possible—

Mr. Warren: May I ask the leader of the opposition a question? Did he ever go into the military camp at Petawawa, and through the gate of that camp? If he did so he would be meeting men all the time and, with them, it is not a matter of salary. It is just a day's pay; that is all they get.

Mr. Drew: I hope the hon. member who represents the constituency in which the Petawawa camp is situated is not under the impression that records are not kept as to what is paid the men who are there?

Mr. Warren: They are getting small amounts. It might be only a day's pay.

Mr. Drew: Well, that is just the point. I would like to know how small or how large the day's pay is, as the case may be. But

for one, I would like to know why it would be at all difficult to give the very information we have asked for, when the public accounts show that that information is available.

Mr. Claxton: The public accounts make it very clear that that information is available in respect of the year 1949-50, when the amount was paid. I am not responsible however for the form of our estimates, and they have been made in a form which involves the grouping together of items in accordance with the recommendations of the Auditor General and the Department of Finance. We are now being asked to put under each item the number of clerks, the rate of salary, and so on. That might be done in a static year, but we have not had a static year. Each year has been one of tremendous growth, as is revealed in the development of the expenditures of the department. It was $192 million four years ago, about $425 million for the first half of this year, and it is now maybe $1,879 million.

At a time when there is that kind of development it was felt, perhaps not so much by the officers of this department as by everyone concerned, that to put down three stenographers at $500 each or fifty soldiers at this or that amount would be likely to be found misleading—

Mr. Knowles: Civil salaries.

Mr. Claxton: —in consequence of the development of the department, which we were going to increase by fifty or sixty per cent or more each year. That, I understand, is the reason why this practice was adopted—and it was adopted before I came into the department. This year we adopted the form recommended by the Auditor General, and have conformed to the practice of other government departments, but without giving details as to civil servants. Details as to civil servants would take up a great many pages and it would be meaningless, and would not help the work of the committee. I think that must be the conclusion of everyone.

Mr. Noseworthy: Would it be in order to pass on to the next item, and ask—

Mr. Drew: No, no.

Mr. Fulton: On this item I would ask the minister to give us a clear picture of the number of assistant deputies and associate deputies.

Mr. Claxton: That has already been done.

Mr. Fulton: I must confess it is not clear to me. Would the minister at the same time say whether there is any effort in the department whereby either assistants or associates should concern themselves with one or other of the services? In other words is there an allocation of deputies or associates?

Mr. Claxton: No.

Mr. Fulton: Is there an allocation to any of the services?

Mr. Claxton: No, not at all.

Mr. Fulton: How many assistant deputies and how many associate deputies are there?

Mr. Claxton: I just gave that information. Do I have to give it again? We have a deputy minister, and two associate deputy ministers, and one assistant deputy minister. The organization of the department is completely on a tri-service basis. All of the services are performed at that level by civilians for each of the three services. We consider it desirable that the unification should extend in that way.

I should like to have one more word with reference to the public accounts. There they have an alphabetical list of employees. What I have been asked for tonight is a list related to something in a future year which does not correspond either to the alphabet or to functions as indicated in the estimates. I would be glad as we come to each item of the estimates to give as full information as is available.

Mr. Drew: That is exactly what we are asking. We are asking for full information respecting the category of each of these employees, and of the amounts paid, except in such cases as they are being paid at ordinary wages; and in that case we would have them bulked as they are done ordinarily. That is what we are asking.

Mr. Wright: It seems to me that in preparing the estimates to present to the Minister of Finance the minister's department must have had certain numbers of people in view, whom they were going to employ in different capacities. All we are asking is to have some of these figures which the minister must have presented to the Department of Finance.

Mr. Claxton: May I recall that I have already given those figures in relation to the item under discussion. I gave the amount of $3,489,842. I have described the number of employees, and their association with the department. It totals 1,270 employees. I have already given that.

Mr. Wright: But the minister has not broken it down in various classifications, namely those who are stenographers or inspectors, or whatever classification they may have had. He must have had that information when he presented his estimates to

the Department of Finance. All we want is the number in the different classifications, and the salaries in those classifications. We are not asking for each individual.

Mr. Claxton: I see. As I understand it, you would like to have that information for the 33 people in the minister's office, and their classification?

Mr. Wright: Yes.

Mr. Claxton: And the 44 in the deputy minister's office, and their classification?

Mr. Wright: Yes.

Mr. Claxton: And the 100 of civilian personnel, with their classification; and the 145 in central registry, with their classification; and the 50 in printing and stationery; the 45 in auidt; the 18 in public relations; the 22 in the judge advocate general's office; the 727 in the inspection service; the 6 in the library; the 80 with the civil defence board co-ordinator. All these make a total of 1,270, and you would like to have their classifications?

Mr. Wright: Yes, the same classifications as are given in the other departments.

Mr. Claxton: Well, I would think it would take some time to obtain that. They were given, of course, in building up these estimates.

Mr. Wright: Yes, they must have been available then.

Mr. Claxton: Yes; and it would take some time to read it into the record. Of course we are only beginning with this. We will have some 30,000 altogether, including prevailing rate employees, which might represent 40 per cent. Do you want the same thing for the armed forces, too—which would be another 70,000?

Mr. Wright: Just the civilian employees.

Mr. Claxton: It would require another book like this one. We had better do it next year, don't you think?

Mr. Harkness: What the minister has just read out indicates the necessity for information of this sort. Among other things there is a public relations personnel of 18 civilians. It happens that a great deal of public relations work is done by service personnel. I believe there is a lieutenant colonel who is a public relations officer at national defence headquarters, with a man of equivalent rank in the air force and another in the navy. Then at each command headquarters there is a major or captain doing public relations work, along with other ranks. In addition to these public relations officers and other ranks there are 18 civilian personnel engaged in public relations work. I have been under the impression that public relations work for the department was done by these public relations officers. What do the 18 civilians engaged in public relations work do and what are their salaries?

Mr. Claxton: The director of public relations has charge of the public relations activities for all three services and the department. Then there is the necessary clerical and stenographic staff in addition to the service personnel. I would think that this is one branch of the department's activities which will be considerably increased in the near future. We find we are understaffed at present.

Mr. Harkness: What are the names and salaries of the 18 public relations civil servants and their classifications?

Mr. Claxton: The permanent civil servants are as follows:

F. Carlofsky, clerk grade 4, $2,580.
R. V. Dodds, information officer grade 5, $4,740.
R. C. Donison, typist grade 2B, $2,040.
M. M. Dustan, stenographer grade 2B, $2,040.
V. M. McCaffrey, clerk grade 3, $2,280.

Mr. Harkness: The director does not appear in that list.

Mr. Claxton: He is temporary so far.

Mr. Quelch: I take it that many of the civilians paid under this item will be doing the same work as service personnel who will be working alongside them. I know of a number of cases where the wages paid to a civilian amounted to $10 or $15 a day while the serviceman working alongside receives perhaps $2.40 a day or whatever the rate may be. I realize that the man in the armed service receives many benefits which the civilian would not receive but when the rate of pay is four, five or six times that paid to the serviceman he seems to have good reason to complain. I think as far as possible we should avoid having that situation develop. If work of a similar character must be done by civilians and service personnel then they should not be working side by side.

Mr. Claxton: In 1946 the armed services worked with a committee with the treasury board and the other departments concerned to work out a uniform scale of pay for the three services. At that time an effort was made to have the rates of pay in the navy, army and air force made equivalent to those paid by eight leading industries for similar work. The matter was gone into at great length, assisted by the Department of Labour, the dominion bureau of statistics and the

Department of Finance. At that time uniform rates of pay were fixed which we considered to be the equivalent paid by industry for similar jobs.

It must be remembered that the service personnel receive hospitalization, medical services, pensions, clothing and so on. All those benefits were taken into account. Subsequently there were two increases in rates of pay. The last increase was made as of December 1, 1950, and these were designed to make the increase across the board to all service personnel equivalent to the increase in the cost of living index since 1946.

A check was then made to see how they compared with the rates paid by the same eight leading industries, and they were found to be on the same basis. As far as possible the rates of pay are equivalent. No doubt in certain categories, particularly in jobs in RCEME, where the men would be working on motor vehicles or in the dockyards civilian personnel will be working alongside service personnel. Perhaps because of seniority or trades rating they may be receiving different rates of pay, but as far as possible we avoid that situation.

Mr. Hees: What is the name and the salary of the temporary director of public relations which the minister mentioned?

Mr. Claxton: The name is William Dumsday. He is not a temporary director, he is the director of public relations. His salary is $6,000, but he is still a temporary civil servant. He was a wing commander during the war and did the same kind of work with the air force.

Item stands.

Progress reported.

BUSINESS OF THE HOUSE

Mr. Harris (Grey-Bruce): On Monday we will resume the debate on the motion of the Secretary of State for External Affairs with respect to his estimates. Then we will take up the resolution standing in the name of the Minister of Finance dealing with veterans professional loans. Then the two resolutions standing in the name of the Minister of Veterans Affairs with respect to pensions and certain rights and privileges to be granted to members of the special force. When those have been concluded we might consider the resolutions standing in the name of the Prime Minister with respect to certain matters here in Ottawa. If there is still time we will take up the resolution standing in the name of the Minister of Labour having to do with an amendment to the Government Employees Compensation Act, 1947.

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

END OF VOLUME III